

# DAILY REPORT

FBI

## CONTENTS

*China*

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### PRC INTERNATIONAL AFFAIRS

#### GENERAL

Deng Cited on World Situation, Peace in LIAOWANG	[6 May]	A 1
Reportage, Commentary on Bonn Summit Meeting		A 2
SDI Agreement 'Unlikely'		A 2
Political Declaration Issued		A 4
Summit Ends; Final Communique		A 5
XINHUA News Analysis		A 6
Li Peng Receives U.S., Japanese Businessmen		A 7
Wan Li Receives World Bridge Federation President		A 7

#### UNITED STATES

U.S. State Department Expels Four Polish Diplomats	B 1
U.S. To Sell M-60A3 Tanks to Egyptians	B 1

#### SOVIET UNION

USSR Defense Minister Discusses Military Balance	C 1
USSR's Gorbachev Stresses East-West Dialogue	C 2
USSR Condemns Reagan's Visit to Bitburg Cemetery	C 2

#### NORTHEAST ASIA

Wang Zhen at Japanese-Funded Golf Course Ceremony	D 1
Wang Zhen Views Peace Statue Gift to Japan	D 1
Japan's Mitsubishi Opens Office in Beijing	D 1
Wang Zhen Opens Japanese Calligraphy Exhibit	D 2
Song Ping Briefs Japanese Visitors on Progress	D 2

#### SOUTHEAST ASIA & PACIFIC

Deng Xiaoping Invites Burma's U Ne Win for Visit	E 1
Met by Ji Pengfei	E 1
Meets Deng Yingchao	E 1
Talks With Deng Xiaoping	E 1
Deng Confirms Troop Reduction	E 2
Deng Xiaoping Hosts Banquet	E 3
Zhao Ziyang Calls on Ne Win	E 4
Ji Pengfei Witnesses Signing of Sino-Thai Accord	E 5
Li Peng Meets New Zealand Forestry Minister	E 5
Gu Mu Meets With Hong Kong Businessman, Party	E 5

## WESTERN EUROPE

Wu Xueqian Reviews Growth With EEC at Reception	G 1
3 May Party Marks Ties	G 1
Wu Xueqian Welcomes Sanmarinese Foreign Minister	G 1

## WESTERN HEMISPHERE

Nicaragua Pledges Not To Yield to U.S. Sanctions	J 1
RENMIN RIBAO Commentary Says U.S. 'High-Handed' [5 May]	J 1
XINHUA Commentary 'Condemns' U.S. Embargo	J 2
Cuban Vice Foreign Minister Arrives in Shanghai	J 3

## PRC NATIONAL AFFAIRS

'Most' Return to Shanxi After Beijing Sit-In	K 1
JINGJI RIBAO on '1 May', Trade Union Anniversary [1 May]	K 2
LIAOWANG Interviews Chen Muhua on Central Bank [22 Apr]	K 4
RENMIN RIBAO on Controlling Issuance of Currency [26 Apr]	K 7
Xiang Nan Article on Role of China's 'Windows' [FUJIAN RIBAO 19 Apr]	K 14
Article on Wasteful Entertaining of Foreigners [GUANGMING RIBAO 27 Apr]	K 15
Beijing Relates Anecdotes on Top Army Leaders	K 16
Hu Yaobang Encourages Reclamation Farm Workers	K 17
Female All-China Youth Federation Head Elected	K 18
Newspaper on Technology Transfer Published [ZHEJIANG RIBAO 22 Mar]	K 19

## PRC MEDIA ON TAIWAN AFFAIRS

Beijing Radio on Taiwan Independence Movement	U 1
Deng Yingchao, Others Meet Gaoshan Compatriots	U 2

## HONG KONG MEDIA ON CHINA

Wang Zhen's Relations with Deng Xiaoping Assessed [PAI HSING 1 May]	W 1
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DENG CITED ON WORLD SITUATION, PEACE IN LIAOWANG

HK050530 Beijing ZHONGGUO XINWEN SHE in Chinese 0209 GMT 5 May 85

[Report: "Deng Xiaoping Talks About Two Major Issues in the World Situation"]

[Text] Beijing, 5 May (ZHONGGUO XINWEN SHE) -- What are the characteristics of the current international situation and how should they be viewed? In his recent talks with international friends, Deng Xiaoping pointed out: The major global and strategic problem in the world at present is actually the issue of peace and the issue between South and North. This can be summed up by the following: "East, West, South, and North." The issue between East and West is related to peace and the issue between South and North is related to economy or development. The issue of peace and the issue between South and North are the two prominent issues of global significance.

These remarks by Deng Xiaoping are carried in Liaowang's issue No 18, which is to be published tomorrow.

Deng Xiaoping said: Why is the issue between South and North a central issue? In today's world, the North is developed and rich, while the South is underdeveloped and poor. The issue between South and North is a matter of the status quo of the rich and the poor. The rich, including North America, Europe, Japan, and Oceania, has a population of around 1 billion, accounting for one-fourth of the world's population. Third World countries have a population of 3 billion, accounting for three-fourths of the world's population. Although the conditions of some countries are improving, we cannot say that they are developed. The majority of Third World countries are still in a state of absolute poverty. It is hard to imagine that continuous development of the developed countries, with their population of 1 billion, can be established on the basis of the continuous poverty of the developing countries, with their population of 3 billion.

Deng Xiaoping pointed out: The greatest problem facing the developed capitalist countries is the problem of growth and further development. They will have no market if the regions with three-fourths of the world's population are still in a state of poverty. A big nation like China is an example. The total volume of its foreign trade in 1984 just reached U.S.\$50 billion or so. China's market will be limited if the country, which has a population of 1 billion, cannot become prosperous. If China, a Third World country, can double the volume of its foreign trade to reach U.S.\$100 billion, the international market will be further expanded. If we can quadruple the volume of our foreign trade and reach U.S.\$200 billion by the year 2000, China will be able to absorb more capital and commodities. Will not this properly solve the market problem of the developed countries?

Deng Xiaoping said: Basically, the North's export of capital and commodities will be limited if the South is not appropriately developed. If poverty continues in the South, the North might not have a way out. As a matter of fact, as the South is eager to put an end to poverty and backwardness, the North also needs development in the South.

Deng Xiaoping pointed out: It is of course necessary to rely on North-South dialogue in order to solve the North-South problem. However, the problem cannot be solved by relying on North-South dialogue and nothing else. It is also necessary to strengthen cooperation among Third World countries, that is, South-South cooperation. By exchanging experience, learning, and cooperating with one another, the Third World countries can solve many problems and they will have a bright future.

The more prosperous some countries are, the less generous they become. Poor people can make friends more easily. He also said that the open-door policy adopted by China in recent years has incorporated a new feature, that is, South-South cooperation, or cooperation among Third World countries, and that another significance of South-South cooperation is that it can give an impetus to North-South dialogue.

Commenting on the East-West problem, Deng Xiaoping said that world peace is currently developing in strength. We should note that there is still the danger of war and we have not seen any progress in the nuclear arms talks and the space talks. However, the forces that can prevent war have developed rather encouragingly. Fewer countries are willing to fight wars. Neither Japan nor the European peoples desire war. The Third World countries, including China, hope for development. Thus, wars do not do them any good. The majority of the peoples in the world, including the peoples of the United States and the Soviet Union, do not desire war; hence our great confidence in the cause of peace.

In order to strive for peace, said Deng Xiaoping, it is necessary to oppose hegemonism and power politics. As early as under the leadership of Chairman Mao Zedong and Premier Zhou Enlai, China stressed the need to oppose superpower hegemonism and hegemonism in general because they are the origin of all wars. By wars we mean world wars, not small-scale conflicts. Opposing hegemonism and upholding world peace are two sides of the same coin. We have repeatedly assured the world that China needs and desires peace more than any other country. It is China's national policy to oppose hegemonism and to uphold world peace.

Aware that there are people who are afraid that a developed China might seek hegemonism and compete with them, Deng Xiaoping said: China's development in fact means the development of peaceful forces and the development of those forces that can prevent war. This is something most beneficial to the peoples of the world. The greater China's strength, the more secure world peace will be. China's development will lead to the problem of competition. However, the developed countries are technologically ahead of others and they can produce more expensive goods. The developing countries are no match for them.

Although it can be said that China is a peaceful force and a force that can prevent war, said Deng Xiaoping, it must also be said that it still does not have much strength. By the time China has developed, the strength of the forces that can prevent war will increase enormously. At present, China is working toward the goal of quadrupling its gross industrial and agricultural output value by the end of this century and, what is more important, approaching Western standards on this basis in 30 to 50 years, 50 years if more precisely stated. I can boldly say that if China can attain the goal of quadrupling its gross industrial and agricultural output value by the end of this century, China will definitely more significantly contribute to world peace and international stability.

#### REPORTAGE, COMMENTARY ON BONN SUMMIT MEETING

##### SDI Agreement 'Unlikely'

OW031930 Beijing XINHUA in English 1901 GMT 3 May 85

["Round-up: Bonn Summit Opens" -- XINHUA headline]

[Text] Bonn, May 3 (XINHUA) -- The 11th annual economic summit meeting of leaders of the "big seven" industrial powers opened today with an aim to sustain world economic growth. The leaders of the United States, Britain, Federal Germany, Italy, France, Canada and Japan gathered at the Palais Schaumburg, a 19th century villa, for the first working session of the conference.



High unemployment, low growth, high deficits and interest rates as well as growing trade protectionism are reportedly at the top of the agenda at the summit. As U.S. economic growth is now slowing down, President Ronald Reagan wants his allies at the summit to take over as "locomotives" -- economic leaders for world economic growth -- but they are likely to balk.

The United States took the lead among other West countries in economic recovery last year by attaining an economic growth rate of 6.8 percent. The major European countries achieved only a 2.3 percent average growth rate last year, while Japan achieved 5.5 percent, largely on the strength of exports to the United States.

The Europeans do not want to take expansionary economic measures because for several years they have been following policies of strict fiscal rectitude in a largely successful attempt to lick inflation. "We are not in the locomotion business," said a spokesman for British Prime Minister Margaret Thatcher, whose hallmark is a tight control over government spending. The leaders of the world's three largest economies agreed Thursday to seek world trade talks in early 1986 to ease import-export restrictions, but French President Francois Mitterrand withheld his approval.

The trade talks, conducted under the auspices of the 90-nation GATT had dealt basically with tariff reductions to stimulate exchange of manufactured products among member countries. Proposals for a new round include bringing in agricultural products and trade in such services as banking and insurance. The French president denied he was withholding assent for the trade talks in the hope of getting Reagan to agree to a reform of the world monetary system -- a long-standing objective of the French, who wants to curb the power of the dollar by controlling its exchange rate with other major currencies.

Reagan came to Bonn facing criticism, particularly from French President Mitterrand, on the erratic movement of the U.S. dollar value and the size of the U.S. federal budget deficit. The U.S. Administration is under pressure from the Congress to erect tariff barriers to curb the mounting American trade deficit, which hit a record of 123 billion U.S. dollars in 1984. U.S. Treasury Secretary James Baker specifically rejected Mitterrand's view that the trade talks sought by Washington must be accompanied by monetary reform tying the dollar more closely to the major European currencies and the yen.

Japan has been under continuous fire from the United States to take further steps to open up its market to American goods in order to bring down its huge trade surplus with the U.S., which reached an estimated 37 billion dollars last year. This was nearly one-third of the record U.S. trade deficit of 123 billion dollars, which could rise to nearly 150 billion by the end of this year.

But, Japan's Prime Minister Nakasone, who is expected to tell the summit that Japan's latest "market-opening package" announced three weeks ago is more than a token of good will, dismissed any idea of stimulatory measures before arriving in Bonn earlier this week. Federal German officials have adopted a similar attitude, invoking the risk of rekindling inflation.

President Reagan's strategic defense initiative (SDI), known as "star wars" is getting a mixed reception at the summit. Kohl told Reagan Thursday he supports the research phase of the U.S. project. Government spokesman Peter Boenisch said Kohl told the Americans "clearly and succinctly we hold the research program to be justified."

However, the French Government takes exception to the U.S. project. Michel Vauzelle, a spokesman for French President Mitterrand said Thursday that "from a strategic standpoint, President Reagan's proposal does not interest us". Considering the fact that U.S. and its allies share different views on the "star wars" program, the summit is unlikely to make any new progress on the matter.

#### Political Declaration Issued

OWO40834 Beijing XINHUA in English 0742 GMT 4 May 85

[Text] Bonn, May 3 (XINHUA) -- Leaders of seven major industrial countries today said in a political declaration that they are prepared to strengthen cooperation with-in the West, to pursue a dialogue with the Soviet Union and to achieve world peace through disarmament. The declaration was issued on the second day of the Bonn summit meeting.

Citing the Charter of the United Nations, the declaration said: "All countries have a joint responsibility to maintain international peace and security and to this end refrain from the threat and the use of force."

It said the seven nations "will work to maintain and strengthen a stable military balance at the lowest possible levels of forces, neither seeking superiority for ourselves nor neglecting our defenses." They said they hope that the existing levels of nuclear arms would be reduced, conventional armaments controlled and chemical weapons banned so as to lessen the likeliness of conflict.

"We are prepared to pursue a high-level dialogue to deal with the profound differences dividing East and West," the declaration said. The seven nations "welcome the opening of negotiations in Geneva," appreciate "the positive proposals" of the United States and urge the Soviet Union "to act positively and constructively" in order to achieve significant agreements, it added.

It expressed an intent to work with the developing countries, saying genuine non-alignment is "an important contribution to international security and peace."

The declaration stressed that the partnership and cooperation of North America, Europe and Japan were a "guarantee" of the above objectives.

Giving explanation of the declaration at a press conference today, West German Foreign Minister Hans-Dietrich Genscher described the declaration as "important, encouraging" and a "good start". He said that the participants reached unanimity on basic questions.

However, observers here described the declaration as an empty statement because it ignores some important questions. It does not mention, for example, the U.S. trade embargo against Nicaragua, they said.

Also, no mention is made of the U.S. strategic defense initiative (SDI), known as "star wars" program. The United States wished to gain support from the other six nations for the proposed weapons system, but agreement could not be reached before the opening of the summit. It was reported that France was against "putting the cart before the horse" by launching into program without knowing what they were about.

The U.S. delegates said "most" of the participants regarded the "star wars" program as "necessary," and that discussions on it were "good and a solid job". But the delegates also admitted that a lot of problems were unsolved, such as the position of British and French nuclear arsenals.

An economic declaration will be issued tomorrow.

## Summit Ends; Final Communique

OW050728 Beijing XINHUA in English 0645 GMT 5 May 85

[Text] Bonn, May 4 (XINHUA) -- The economic summit of world's major industrial nations concluded here today without reaching agreement on a new round of world trade negotiations in 1986. The summit, attended by the United States, Canada, France, Britain, Italy, Federal Germany and Japan, issued a final communique at the end of the three-day talks.

Because of French President Francois Mitterrand's opposition, the final communique only said that the leaders agreed trade negotiations should begin "as soon as possible" and that most of the summit countries believed that talks should open in 1986. Federal German Chancellor Helmut Kohl and British Prime Minister Margaret Thatcher expressed their confidence that the trade negotiations would begin as scheduled. A preparatory meeting will be held in Geneva this July.

This morning's session was prolonged by more than one hour because of controversies over the matter. Officials worked until late last night in an effort to find a compromise.

Chancellor Kohl read out the final communique to reporters in the presence of the other six summiters. It said the leaders agreed to:

- Continue fighting inflation and trying to create new jobs by holding down government spending, fighting trade protectionism, encouraging job training for young people and creating more flexible labor markets.
- Help the drought-stricken nations of sub-Saharan Africa fight famine by developing their economic potential and improving food production.
- Cooperate to fight drug abuse. It was agreed that a panel of experts would study the problem and produce a report of conclusions by September.
- Work together to solve pressing environmental problems such as the damage to forests from air pollution and the disposal of toxic wastes.
- Begin discussions immediately on inter-governmental cooperation to develop and use permanently manned space stations.

A political communique issued yesterday didn't refer to the U.S. economic sanctions against Nicaragua and the U.S. strategic defense plan. Mitterrand declared today that France would not take part in the U.S. strategic defense plan.

Kohl described the atmosphere in which the summit was proceeding as "very frank and very friendly." But he also said that there were a few occasional disputes. He held that the summit had achieved certain results.

U.S. President Ronald Reagan said that by and large, he was pleased with the outcome of the summit. Margaret Thatcher described the role of the summit as "encouraging." But Mitterrand noted that as each of the previous summits, the Bonn summit yielded less results than it should.



EEC Commission President Jacques Delors criticized the final communique by saying that it failed to give as much emphasis to the currency issue as to the trade problems. He held that the best U.S. measure against trade protectionism is to fix a realistic exchange rate for the dollar.

In another development, 25,000 people held a demonstration here today to oppose the holding of the summit. They called for a world without exploitation, oppression and war and denounced the U.S. "star wars" program. Some demonstrators clashed with the police.

#### XINHUA News Analysis

OW051509 Beijing XINHUA in English 1438 GMT 5 May 85

["News Analysis: A Summit Without Impressing Results (by Xia Zhimian)" -- XINHUA headline]

[Text] Bonn, May 4 (XINHUA) -- The 11th annual economic summit of seven Western nations ended here today, and the results -- contrary to expectations -- were not at all impressive.

Over the past two years, the Western economies have been on the upturn in general, with the recoveries in individual countries varying. The conditions for the Bonn summit were better than those of the previous ones. However, the summit, which should have mainly discussed economic issues, was spoiled by a number of political events that from the outset overshadowed it. For starters, U.S. President Ronald Reagan arrived in Bonn for an official visit to Federal Germany prior to the summit, and on his itinerary was a visit to the Bitburg German soldiers cemetery, where some 50 Nazi SS troops are buried. This aroused a mighty uproar in the United States, and criticism also came from other countries.

A second overshadowing event was Reagan's announcement of U.S. economic sanctions against Nicaragua. He made the announcement on the day of his arrival, without consulting the other leaders to the summit. His conduct was described as unprecedented in diplomatic history. After two days of silence, Federal German Foreign Minister Hans-Dietrich Genscher held a press conference and expressed his country's dissent on the matter. The local press referred to it as comical that a major participant to a meeting on free trade would impose a trade embargo on another country.

A third controversy that left a mark on the summit was Reagan's "star wars" research program. On March 26, the United States invited its allies to participate in the strategic defense initiative (SDI) research project, but the response was cold and hesitant. The United States expected star wars support to come out of Bonn, but it never materialized. As a host nation, Federal Germany termed the SDI program "justified," and attempted to rally the other leaders behind him. However, to the contrary, French President Francois Mitterrand announced after the meeting that France would not take part in SDI research.

Economically, the only reasonably significant accomplishment was an agreement to hold a new round of talks within the framework of the General Agreement on Tariffs and Trade (GATT). The summit participants apparently realized that the tendency toward protectionism would halt the West's economic growth and harm the interests of all countries. But the summit leaders could not decide on date for the multilateral GATT talks. A compromise statement in the final communique urged that the talks be held "as soon as possible", adding that "most of us think that this should be in 1986."



France, however, was not enthusiastic about reopening the trade talks. The French are worried that the Common Market's farm support system might be put on the GATT agenda, and that this could harm the interests of French farmers. In addition, the French complained that the United States attached importance only to the issue of free trade and disregarded its dancing dollar's negative effects on trade. Therefore, France demanded that discussions on the monetary systems of the West be held at the same time as the GATT talks.

Of course, the summit achieved some results. The seven leaders reached concert on the evaluation of the economic situation and what policies should be adopted. They all agreed that economic recovery could not be stimulated by increased government spending. They held that the restrained monetary and financial policy should be continued so as to consolidate the progress made in inflation control.

Accordingly, the United States promised to reduce its budget deficits, Japan pledged to open its markets, and the West Europeans expressed a determination to speed up their economic development. Whether these promises are acted upon remains to be seen.

#### LI PENG RECEIVES U.S., JAPANESE BUSINESSMEN

OW041206 Beijing XINHUA in English 1158 GMT 4 May 85

[Text] Beijing, May 4 (XINHUA) -- Vice-Premier Li Peng met F.N. Shumway, chairman of the Board of Signal, a United States company, here this afternoon. The U.S. visitors have come here to discuss the establishment of a cooperative consulting company at the invitation of the China Petro-Chemical Corporation.

Li also met Hisashi Shinto, president of the Japan Telegraph and Telephone Corporation, and his party on a separate occasion. They were invited by the Chinese Ministry of Posts and Telecommunications to exchange views on cooperation in telecommunications between the two countries.

#### WAN LI RECEIVES WORLD BRIDGE FEDERATION PRESIDENT

OW041347 Beijing XINHUA in English 0321 GMT 4 Apr 85

[Text] Beijing, May 4 (XINHUA) -- Chinese Vice-Premier and honorary President of the Chinese Bridge Federation Wan Li today received Jaime Ortiz-Patino, president of the World Bridge Federation, and other members of the WBF delegation he leads at the Great Hall of the People. Rong Gaotang, president of the Chinese Bridge Federation, was present on the occasion. He gave a banquet in honour of the guests yesterday evening.

The WBF president and his 13-member delegation arrived here on May 2 at the invitation of the Chinese Bridge Federation. The guests played in a match with a Beijing bridge squad today. The visitors will leave here for Shanghai on May 6.

U.S. STATE DEPARTMENT EXPELS FOUR POLISH DIPLOMATS

OW040825 Beijing XINHUA in English 0806 GMT 4 May 85

[Text] Washington, May 3 (XINHUA) -- The U.S. State Department today expelled four Polish diplomats in a swift retaliation for Poland's expulsion of two American diplomats detained in the May Day march organized by the outlawed "Solidarity" Trade Union.

Under the expulsion order, Boyuslaw Maciborski, first secretary of the Polish Embassy in Washington, and Romuald Derylo, Josef Kaminski and Stanislaw Zawadzki of the consulate general in Chicago, have to leave the U.S. within seven days. The U.S. State Department said in a written statement that "we want to express our grave displeasure not only with the unjustified expulsion of our diplomats, but also with the Polish Government's bald fabrication of a story to justify their expulsion."

Hours before the U.S. announced its retaliation on Friday, two American diplomats, First Secretary William Harwood and Consul David Hopper in the city of Krakow were ordered to leave Poland within a week. The U.S. State Department accused Polish police of kicking the two American envoys when they were arrested Wednesday while watching a May-Day parade by sympathizers of the outlawed "Solidarity" Trade Union, at Nova Huta, the steel mill town near Krakow. They were detained 20 minutes.

The Polish authorities reportedly accused them of "political provocation" in taking part in the Solidarity demonstration, carrying banners and handing out leaflets. The U.S. State Department said that Poland's charge was "outrageously false" and a "pretext" for their expulsion, which was a "cover-up" for their "abuse" by police.

The U.S. had expelled a Polish defense attache in February in retaliation for the expulsion of American Defense Attache Frederick Myer who was reportedly accused of taking pictures in a restricted area.

U.S. TO SELL M-60A3 TANKS TO EGYPTIANS

OW041529 Beijing XINHUA in English 1512 GMT 4 May 85

[Text] Washington, May 3 (XINHUA) -- The U.S. Defense Department informed Congress today that it was making an exception to the White House's suspension of arms sales to the Middle East by selling 94 model M-60A3 tanks to Egypt. In a brief statement the department gave assurances that the sale "will not affect the basic military balance in the region. The proposed sale supports the American foreign national security objectives of assisting Egypt in its program of modernizing its Armed Forces so that it may provide for its own security and self-defense and contribute to regional security and stability," it added.

The Pentagon noted that the tanks would be part of an "on-going program of replacing aging Soviet equipment with modern U.S. equipment." If there is no congressional objection, the department said the tanks and their standard machine guns, searchlights and smoke grenade launchers would be offered to Egypt at a price of roughly 165 million dollars.

The White House announced on January 31 that it was suspending all new arms sales to countries in the Middle East pending a thorough review and comparison of the defense needs of Israel and moderate Arab nations.

USSR DEFENSE MINISTER DISCUSSES MILITARY BALANCE

OW051015 Beijing XINHUA in English 0900 GMT 5 May 85

[Text] Moscow, May 5 (XINHUA) -- Sergei Sokolov, minister of defense of the U.S.S.R., stressed yesterday evening that the Soviet Union will have no other choice but to take reply measures to restore the position, if the United States starts militarization of outer space and thereby undermining the existing military-strategic equilibrium.

Answering questions to a TASS correspondent, the defense minister said: "These could be measures both in the sphere of defensive and offensive armaments. It goes without saying that the USSR will choose methods of action, that would be most up to the interests of its defensive capacity, but not those that Washington leaders would like to incline it to."

But, at the same time, Sokolov reiterated that the Soviet Union is resolutely opposed to the arms race on earth and to its spreading to outer space. He said: "That is why it proposes the only natural and sensible thing: to freeze nuclear arsenals of the sides, to terminate preparations for the production of weapons for deployment in space, and on that basis, to pass right away to the reduction of the existing arms stockpiles, to prove its sincerity and goodwill more convincingly."

He added: "The U.S.S.R. has announced that it discontinues unilaterally as from April 7 and till November 1985 further deployment of its intermediate-range missiles and suspends implementation of other counter measures in Europe." The marshal noted: "This decision reaffirms the striving of our country to do everything necessary to curb the arms race." However, he said, "Washington officials are making irresponsible pronouncements to the effect that the moratorium announced by the U.S.S.R. is allegedly not being observed. He added: "This is deliberate and malicious disinformation".

The marshal stressed that there is no nuclear superiority of the U.S.S.R. in either strategic offensive weapons or intermediate-range nuclear systems. "There exists an approximate balance in such systems," he added. He continued: "Under such conditions the introduction of a moratorium on the nuclear arsenals of the sides and on the development, including research, of strike space weapons is a timely, effective and right measures from the point of view of curbing the arms race."

When asked what is the true substance of the U.S. "star wars" plan, he said the people in Washington "seek to create an anti-missile shield over the United States, to simultaneously deploy strategic first-strike offensive armaments, new strategic space-based forces intended to hit targets on earth, in the sea, in the atmosphere and in outer space."

"From the military viewpoint, the American 'star wars' plan is the inseparable component part of the U.S. nuclear strategy, the first strike strategy. The real meaning of that plan is to get a possibility of a nuclear attack with impunity, to ensure conditions for constant nuclear blackmail on the Soviet Union and other countries," he added.

As for the Soviet Union's outer space research, the marshal said, "We conduct scientific research work, including in the military sphere. But this work is not aimed at creating strike space weaponry, but is linked with perfection of space early warning, reconnaissance, communication, navigation systems."



I. 6 May 85

C 2

PRC INTERNATIONAL AFFAIRS  
SOVIET UNION

"We are not creating strike space weapons and anti-missile defence of the territory of the country. The U.S.S.R. firmly abides by the termless 1972 treaty."

Sokolov hoped the United States could understand the Soviet Union in the Geneva negotiations and answer with reciprocity.

USSR'S GORBACHEV STRESSES EAST-WEST DIALOGUE

OW060240 Beijing XINHUA in English 0211 GMT 6 May 85

[Text] Moscow, May 5 (XINHUA) -- Soviet leader Mikhail S. Gorbachev said today that his country would make use of every opportunity to seek constructive dialogue with the West.

He reassured a meeting of World War II and labor veterans just one day after Soviet Defense Minister Sergey Sokolov had threatened to counter the U.S. strategic defense initiative by retaliatory defensive and offensive space armaments.

Gorbachev stressed that war is not inevitable, although he charged some Western influential forces are aiming at military superiority over the Soviet Union, which he said could bring the world closer to nuclear war.

On domestic problems, the Soviet leader promised large scale technological improvements and the adoption of new effective economic mechanisms to raise production efficiency.

USSR CONDEMNS REAGAN'S VISIT TO BITBURG CEMETERY

OW060418 Beijing XINHUA in English 0225 GMT 6 May 85

[Text] Moscow, May 5 (XINHUA) -- Soviet media and the National Veterans Committee yesterday condemned U.S. President Ronald Reagan's visit to the German military cemetery in Bitburg as an affront to World War Two victims.

The Soviet news agency TASS quoted a statement of the National Veterans Committee as saying: "It is difficult to invent anything more insulting to the memory of the victims of war, to one's American fellow citizens, to one's compatriots."

The newspaper PRAVDA said in a commentary: "The true aims of the ceremony are obvious: not only to whitewash the monstrous crimes of the Hitlerites but also to support those who nowadays dream of changing the post-war borders in Europe."

Another newspaper, NOVOSTI, accused Reagan of using the trip to Bitburg as a payoff for Federal Germany's acceptance of U.S.-built medium-range missiles being deployed by the North Atlantic Treaty Organization.



WANG ZHEN AT JAPAN-FUNDED GOLF COURSE CEREMONY

OW021254 Beijing XINHUA in English 1136 GMT 2 May 85

[Text] Beijing, May 2 (XINHUA) -- The foundation stone of Beijing's first golf course was laid at the Ming Tombs 30 kilometers north of the city today.

The one-square-kilometer Beijing International Golf Club with 18 holes and 72 bars [as received] is being built by the Beijing International Golf and Amusement Park Company, which is jointly run by the Changping County Foreign Economic Relations and Trade Corporation and the Japan Golf Association Company. The Japanese company will bear the cost of three billion yen.

The stone was laid to the sound of firecrackers, gongs and drums by China-Japan Friendship Association Honorary President Wang Zhen, Japanese Ambassador Yosuke Nakae and other Chinese and Japanese officials.

Building began March 20, and the course will open next March. China has two other golf courses, and Beijing will start building another this year.

WANG ZHEN VIEWS PEACE STATUE GIFT TO JAPAN

OW041930 Beijing XINHUA in English 1648 GMT 4 May 85

[Text] Beijing, May 4 (XINHUA) -- A marble statue of a Chinese girl, a gift of peace, is to be shipped to Japan later this month.

Wang Zhen, honorary president of the China-Japan Friendship Association, and Wang Zhaoguo, leading member on the Chinese side of the Committee of the 21st Century for China-Japan Friendship, and Japanese Ambassador to China Yosuke Nakae today went to the Beijing architectural and art sculpture plant to view the work.

The statue will be presented by the China-Japan Friendship Association to Nagasaki City, in fulfilment of a promise made by Chinese Communist Party leader Hu Yaobang during his tour of Japan in November 1983. The statue depicts a girl in a traditional Chinese-style coat and skirt. With her back to a cliff and arms outstretched, she is gazing at a dove, the symbol of peace. The statue will be placed in the Nagasaki Peace Park, which commemorates the destruction of the city by an atomic bomb 40 years ago.

It was learned that an unveiling ceremony will be held in Nagasaki in mid-July. Wang Zhen, also a member of the Political Bureau of the Chinese Communist Party Central Committee, will attend the ceremony.

The statue, 3.2 meters high and weighing about 30 tons was designed by four noted Chinese sculptors and carved out of 12 pieces of marble by skilled workers from the Beijing plant.

Wang Zhen said the statue showed the strong aspiration of the one billion Chinese people striving for world peace. "It is our hope that future generations will not be threatened by nuclear weapons," he added.

Nakae said he believed that the 100 million Japanese people would be honored by the gift.

JAPAN'S MITSUBISHI OPENS OFFICE IN BEIJING

OW041857 Beijing XINHUA in English 1618 GMT 4 May 85

[Text] Beijing, May 4 (XINHUA) -- Japanese Mitsubishi Heavy Industries Ltd. held a reception here this evening in celebration of the opening of its Beijing office.

Among the more than 100 people attending the reception were Wang Zhen, member of the Political Bureau of the Chinese Communist Party Central Committee and honorary president of the China-Japan Friendship Association, Chen Muhua, state councillor and president of the China People's Bank, Song Ping, state councillor and minister in charge of the State Planning Commission.

Xu Deen, general manager of the China National Technical Import Corporation, said at the reception that during the last ten years and more the Mitsubishi Heavy Industries Ltd. had signed many contracts on export to China of complete sets of equipment and technology. He hoped the opening of the office would bring closer the economic and technical cooperation and relations between the two sides.

Masao Kanamori, chairman of Mitsubishi Board of Directors, said that his firm would go all out to develop the cooperation and economic and technical exchanges with China. Kanamori is here specially for the occasion.

#### WANG ZHEN OPENS JAPANESE CALLIGRAPHY EXHIBIT

OW051514 Beijing XINHUA in English 1450 GMT 5 May 85

[Text] Beijing, May 5 (XINHUA) -- A calligraphy exhibition displaying works of Youkei Tejima, a well-known Japanese calligrapher, opened at the Museum of the Chinese Revolution here today.

Wang Zhen, member of the Political Bureau of the Central Committee of the Chinese Communist Party and honorary president of the China-Japan Friendship Association, cut the ribbon for the exhibition. He then viewed the exhibits in the company of Youkei Tejima, Mrs. Tejima and others.

Those present at the opening ceremony included Zhou Erfu, vice-president of the Chinese People's Association for Friendship With Foreign Countries and vice-chairman of the Chinese Calligraphers Association, Seijiro Yanajida, chairman of the Executive Committee of the Youkei Tejima Calligraphy exhibition and advisor to the Japan Airlines; and Yosuke Nakae, Japanese ambassador to China.

In the evening, the Chinese People's Association for Friendship With Foreign Countries gave a banquet for the Japanese exhibition delegation.

#### SONG PING BRIEFS JAPANESE VISITORS ON PROGRESS

OW041210 Beijing XINHUA in English 1155 GMT 4 May 85

[Text] Beijing, May 4 (XINHUA) -- Chinese State Councillor Song Ping today met a Japanese delegation led by Takeshi Noda, member of the House of Representatives and chairman of the Council of the Japan-China Association.

The Japanese are on a study tour of China's special economic zones,

Song, who is also minister in charge of the State Planning Commission, briefed the Japanese visitors on China's economic development plan and on-going economic reform. He also told them that in Sino-Japanese economic cooperation not only the products needed by the Chinese market but also those needed by the Japanese market should be developed. Only in this way could this cooperation be expanded further, Song Ping added.

DENG XIAOPING INVITES BURMA'S U NE WIN FOR VISIT

Met By Ji Pengfei

OW040806 Beijing XINHUA in English 0759 GMT 4 May 85

[Text] Beijing, May 4 (XINHUA) -- U Ne Win, chairman of the Burma Socialist Programme Party, arrived here this afternoon for his 12th goodwill visit to China. Ne Win is the first foreign dignitary here as guest of Deng Xiaoping, chairman of the Central Advisory Commission of the Chinese Communist Party.

The Burmese leader and his wife Daw Ni Ni Myint were greeted at the airport by Chinese State Councillor Ji Pengfei and his wife Xu Hanbing as well as hundreds of well-wishers. Deng Yingchao, chairwoman of the National Committee of the Chinese People's Political Consultative Conference, was scheduled to meet Chairman and Mrs. U Ne Win at the state guesthouse.

Meets Deng Yingchao

OW050106 Beijing XINHUA Domestic Service in Chinese 1205 GMT 4 May 85

[Excerpts] Beijing, 4 May (XINHUA) -- At the invitation of Deng Xiaoping, chairman of the Advisory Commission of the CPC Central Committee, U Ne Win, chairman of the Burma Socialist Program Party, arrived in Beijing this afternoon to the rousing welcome of some 1,000 people. In the company of Ji Pengfei and his wife, Chairman U Ne Win was driven to the Diaoyutai State Guesthouse, where he was welcomed by hundreds of youngsters gathering on the two sides of the guesthouse.

At the guesthouse's No 12 building, where the distinguished guests will stay, Chairman Deng Yingchao held U Ne Win's hands and said to him cordially: You are most welcome. Calling Chairman Deng Yingchao elder sister, U Ne Win said to her: I am very glad to see you are in good health. Later, Deng Yingchao and U Ne Win had a pleasant talk in the living room. Deng Yingchao hoped U Ne Win would consider the guesthouse his own home and have a pleasant stay. U Ne Win thanked Deng Yingchao and other Chinese leaders for their great hospitality.

Also greeting Chairman U Ne Win and his wife at the airport today were Liu Shuqing, vice minister of foreign affairs, and Burmese Ambassador to China U Hla Shwe.

Talks With Deng Xiaoping

OW041507 Beijing XINHUA in English 1451 GMT 4 May 85

[Text] Beijing, May 4 (XINHUA) -- Chinese leader Deng Xiaoping said here today that China and Burma are models in implementing the Five Principles of Peaceful Coexistence the two countries initiated 30 years ago. Deng, chairman of the Central Advisory Commission of the Chinese Communist Party, said this during his meeting with Chairman Ne Win of the Burma Socialist Programme Party here this evening. Ne Win arrived here earlier today for his 12th visit to China. He is the first foreign leader to visit China as the guest of Deng in his capacity as chairman of the commission.

Deng told Ne Win that the two countries understood each other well and had no major problems to solve. The frequent exchange of visits by leaders of the two countries indicated the high degree of friendship between the two nations, he said.



"We are entertaining you here as an old friend," he told the Burmese party chairman.

Ne Win thanked Deng for his invitation and agreed that there were no special problems to solve between the two countries. He also noted that problems in the past had all been solved smoothly on the basis of equality, mutual understanding and mutual accommodation.

Deng introduced Chinese Vice-Premiers Li Peng and Tian Jiyun to Ne Win, pointing out that the two vice-premiers were comparatively young among Chinese leaders. "You should make new friends as well as meet old ones during your current visit," he said. Deng said that China was now rejuvenating the membership of its leading bodies at various levels by letting the old make way for the young; such a practice would be continued in the future.

Deng also briefed Ne Win on China's economic structure reform and its independent and peaceful foreign policy. "All international forces of peace are our friends. We oppose whoever practises hegemonism," Deng said. "We do not practice power politics, nor do we attach ourselves to any power group." [Beijing XINHUA Domestic Service in Chinese at 1506 GMT on 4 May, in its version of Deng Xiaoping's meeting with Burma's U Ne Win in Beijing, renders this sentence as follows: "We do not practice group politics [ji tuan zheng zhi 7162 0956 2398 3112], nor do we attach ourselves to any power group."]

He said that practise had proved that this policy implemented by China was helpful to safeguarding world peace.

Deng described the modernization drive as by far China's most important task. He stressed that China's construction efforts needed a peaceful international environment. He said that the Third World was an important force for peace. "The Third World countries face a common task of building their own countries. They are the last to want war, which would bring them nothing but disaster," he added. "Therefore, the growth of the Third World means the growth of the forces of peace," he pointed out.

In return, Ne Win briefed Deng on Burma's domestic situation and foreign policy. He also introduced to Deng his entourage: Dr. Maung Maung, member of the Council of State; General Thura Kyaw Htin, deputy prime minister, minister for defense and chief of staff of the Defense Services; U Lay Maung, member of the Council of People's Attorneys; and U Than Hlaing, secretary of the Burma Socialist Programme Party.

Also present at the meeting were Chinese State Councillor Ji Pengfei and State Councillor and Foreign Minister Wu Xueqian.

#### Deng Confirms Troop Reduction

HK060216 Beijing ZHONGGUO XINWEN SHE in Chinese 1548 GMT 4 May 85

["Deng Xiaoping Meets With Chairman U Ne Win" -- ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 4 May (ZHONGGUO XINWEN SHE) -- When talking with U Ne Win, chairman of the Burma Socialist Program Party, Deng Xiaoping said tonight that the overriding central task for China at present is to build the four modernizations, and this requires a peaceful international environment. China's foreign policy is to safeguard peace.



I. 6 May 85

E 3

PRC INTERNATIONAL AFFAIRS  
SOUTHEAST ASIA & PACIFIC

Chairman U Ne Win is paying a visit to China at the invitation of Deng Xiaoping. After he had been at the state guesthouse for 1 and 1/2 hours, Deng Xiaoping cordially received him at the Beijing room of the Great Hall of the People.

Deng Xiaoping waited for U Ne Win outside the room. Shaking hands with U Ne Win, Deng Xiaoping said: "I am glad to see you." U Ne Win said: "I am glad to see you in such good health." Deng said: "I am 7 years older than you are!" Then he introduced the two younger vice premiers -- Li Peng and Tian Jiyun -- and State Councillor Wu Xueqian to U Ne Win, who called them "new friends." Deng Xiaoping said: The average age of our leading bodies will become younger, and old people will vacate their posts because they do not have sufficient energy and cannot work as vigorously as these younger people.

Deng Xiaoping said: There are no particular problems between our two countries and we understand each other well. This is your 12th visit to China, and its great significance lies in the visit itself.

Speaking about the situation of China's reforms, Deng Xiaoping said: Our objective is to quadruple the total industrial and agricultural output value by the end of this century, and we will achieve this objective. Now the focus of China's reforms has been shifted to cities, and these reforms will be comprehensive. They are more complicated than the reforms in the countryside. It is unavoidable that some problems or troubles may occur in the course of these reforms. The rural reforms took 3 years' time to bring about the desired effects so we expect that the urban reforms will also achieve some positive effect in 3 to 5 years' time. We believe that the reforms will be successful.

Deng Xiaoping continued: The reforms include the Army, which has plans to demobilize some 1 million soldiers so that more money can be saved in the interests of construction.

Discussing the issue of world peace, Deng Xiaoping said: The force that really demands peace and will safeguard peace is the Third World. The Third World countries are the last to want war, because they all are building their own countries. Development of Third World countries will contribute to development of the strength of peace. Our foreign policy is to oppose hegemonism and to safeguard world peace. This is the principle on which we approach various international issues and settle our own problems, such as Hong Kong and Taiwan. Therefore, China has readjusted its foreign policy. In the past we followed a line which was based on a united front. Now our foreign policy is independent. All forces of peace are our friends, and we will oppose whoever practices hegemonism. We will not practice group policies, nor will we attach ourselves to any power group.

Chairman U Ne Win briefed Deng Xiaoping on Burma's domestic situation and foreign policy.

After the meeting, Deng Xiaoping gave a banquet in honor of Chairman U Ne Win and his wife. In his toast, Deng Xiaoping praised U Ne Win as an outstanding leader of Burma and a sagacious statesman. He also called U Ne Win a familiar and respected old friend of the Chinese people. He expressed his hope that Burma and other Third World countries will smoothly develop and become prosperous and strong.

#### Deng Xiaoping Hosts Banquet

OW041846 Beijing XINHUA in English 1830 GMT 4 May 85

[Text] Beijing, May 4 (XINHUA) -- Chinese leader Deng Xiaoping today spoke highly of the friendship between the Chinese and Burmese people, and the constant development of the good neighborly relations between the two countries.

Deng, chairman of the Central Advisory Commission of the Chinese Communist Party, made the remarks at a banquet he gave in honor of Chairman of the Burma Socialist Programme Party U Ne Win and his wife here this evening at the Great Hall of the People.

Deng praised U Ne Win as an outstanding leader and a far-sighted statesman. "He is a very well-known and respected old friend of the Chinese people," he said. He emphasized that the Chinese people would never forget the great contribution made by U Ne Win in consistently safeguarding and developing Sino-Burmese friendly relations. The good-neighborly and friendly relations between the two countries were established on the basis of the Five Principles of peaceful Co-existence initiated by the two countries and have stood the test of time for the past 30 years and more, Deng said.

In recent years, He added, Sino-Burmese friendly relations and cooperation in various fields have made new progress; the frequent exchange of visits between the two countries' leaders is witness to this. Deng noted that China cherished very much the traditional friendship between the two peoples, and to constantly develop Sino-Burmese good-neighborly and friendly relations is China's firm policy which it will pass on from generation to generation.

He pointed out that at present there are a multitude of complicated problems in the world, but the crux of these problems is to safeguard world peace and develop economy. "China is now going all-out to realize its socialist modernization. We are determined to reach the level of the developed countries by the middle of the next century and get rid of poverty and backwardness through the unremitting efforts of several generations," he said.

He also based Burma and other Third World countries would follow a smooth path of development and become powerful and prosperous. The development of the Third World countries means the development of the forces of world peace and it is in keeping with the interests of the peoples of all countries, Deng pointed out.

U Ne Win expressed his thanks to Deng's invitation, saying that it had enabled him once again to pay a friendly visit to and had a rest in China. He said he was happy that during the visit he would meet old friends and colleagues with whom he had worked together for many years, who were still in good health and working for the well-being of China and its people, and made new friends who were sharing the same objectives and working with fresh vigour and elan.

"It is of vital importance that these fine traditions of warm, friendly and close relations which have prevailed between our two countries in the past, right up to the present, be maintained in the future also," he said. He said, "I believe that we should, indeed we must as a matter of duty, arrange and prepare in order to ensure that our coming generations, custodians of the future will maintain and even enhance that traditional relationship which has worked well to our mutual benefit."

Present at the banquet were Li Peng, Tian Jiyun, Ji Pengfei, Wu Xueqian and the entourage of Chairman U Ne Win.

Zhao Ziyang Calls on Ne Win

OW050747 Beijing XINHUA in English 0731 GMT 5 May 85

[Text] Beijing, May 5 (XINHUA) -- Premier Zhao Ziyang called on U Ne Win, chairman of the Burma Socialist Program Party, at the Diaoyutai Guesthouse here this morning. Zhao paid tribute to Ne Win for joining Mao Zedong, Zhou Enlai and other Chinese leaders of the older generation in developing Sino-Burmese friendship and good-neighborliness.

I. 6 May 85

E 5

PRC INTERNATIONAL AFFAIRS  
SOUTHEAST ASIA & PACIFIC

Ne Win said that the good relations between the two countries should be attributed to the joint efforts of leaders in both countries.

Zhao recalled his cordial meeting with Ne Win in Burma in 1981. Ne Win reviewed his China visits since the 1950s during which he had extensive contacts with the Chinese people. Zhao and Ne Win agreed that leaders of the two countries would continue exchanging visits like relatives. Ne Win's wife, Daw Ni Ni Myint, visited the Palace Museum this morning.

JI PENGFEI WITNESSES SIGNING OF SINO-THAI ACCORD

OW051327 Beijing XINHUA in English 1218 GMT 5 May 85

[Text] Beijing, May 5 (XINHUA) -- Minutes of the sixth meeting of the China-Thailand scientific and technological cooperation mixed committee were signed at the Great Hall of the People here today. Chinese State Councillor Ji Pengfei attended the signing ceremony. China and Thailand have over the past few years implemented 127 items in such cooperation covering agriculture, industry, forestry, fisheries, animal husbandry, energy, medicine, education, building, communications and geological prospecting. Future projects set at the sixth meeting numbered twice as many as at the previous meeting.

The document was signed by Xiao Peng, vice-minister of agriculture, animal husbandry and fisheries and head of the Chinese delegation to the meeting, and Praphat Limpraphan, deputy minister of foreign affairs and head of the Thai delegation, on behalf of their respective governments. After the signing ceremony, Ji Pengfei had a conversation with Limpraphan and other members of the delegation. Xiao Peng gave a luncheon in honor of the Thai guests. Thai Ambassador to China Orachun Tanaphong was present at the signing ceremony and the meeting.

LI PENG MEETS WITH NEW ZEALAND FORESTRY MINISTER

OW031337 Beijing XINHUA in English 1305 GMT 3 May 85

[Text] Beijing, May 3 (XINHUA) -- Chinese Vice-Premier Li Peng met with Koro Wetere, minister of forests, land and Maori affairs, and his party here this afternoon. Wetere arrived here yesterday to discuss with Chinese Ministry of Forestry on strengthening cooperation between the two ministries. Present was Chinese Minister of Forestry Yang Zhong.

GU MU MEETS WITH HONG KONG BUSINESSMAN, PARTY

OW041204 Beijing XINHUA in English 1157 GMT 4 May 85

[Text] Beijing, May 4 (XINHUA) -- Chinese State Councillor Gu Mu met Fung King Hey, chairman of Sun Hung Kai Ltd. of Hong Kong, and his party here today.



WU XUEQIAN REVIEWS GROWTH WITH EEC AT RECEPTION

OW051622 Beijing XINHUA in English 1613 GMT 5 May 85

[Text] Beijing, May 5 (XINHUA) -- Chinese State Councillor and Foreign Minister Wu Xueqian said here today that China and Western Europe were forces for maintaining world peace while economically they were cooperative partners. Wu made these remarks at a reception given by him in celebration of the 10th anniversary of the establishment of official relations between China and the EEC here this evening. Ambassadors of nine EEC countries in China attended.

Reviewing the growth of political, economic relations and trade between China and the EEC in the past decade, Wu Xueqian said their growing relations and cooperation not only accorded with the fundamental interests of the two sides and would bring benefit to their respective peoples, but also were conducive to world peace and stability. "We can cooperate with one another in still wider areas, and there are enormous potentials in our economic relations for us to tap," he said.

He noted that last year the two sides agreed to expand their trade agreement and a new agreement on trade and economic cooperation would soon be signed in Brussels. "I am convinced that so long as our two sides make joint efforts and take practical and feasible measures, the economic relations and trade between China and the EEC will surely reach a new height," he said.

Raffaele Marras, ambassador to China of Italy, which is currently chairman of the Council of the European Communities, said economic and commercial relations between the EEC and China had increased significantly in the past ten years. But, he said, a good deal remained to do to carry into effect the existing great potentialities. He said: "The construction of a united Europe is above all an important factor of peace and stability in the world, as it is China. In this framework mutual relations must be strengthened and intensified," he added.

3 May Party Marks Ties

OW031950 Beijing XINHUA in English 1834 GMT 3 May 85

[Excerpt] Beijing, May 3 (XINHUA) -- China regards the nations of the European Economic Community not only as important partners in economic, trade and scientific and technological exchanges, but also as an important force in checking war and maintaining world peace. This remark was made by Chu Tunan, vice-president of the Chinese People's Association for Friendship With Foreign Countries (Cpaffc), at a reception in celebration of the 10th anniversary of the establishment of official relations between China and the EEC, here this afternoon.

Chu, who is also a member of the Standing Committee of the National People's Congress, expressed his satisfaction over the continuing development of friendship, cooperation and mutual trust, the deepening of mutual understanding and the ever-increasing exchanges between the peoples of China and the EEC countries during the past 10 years.

WU XUEQIAN WELCOMES SANMARINESE FOREIGN MINISTER

OW051323 Beijing XINHUA in English 1257 GMT 5 May 85

[Text] Beijing, May 5 (XINHUA) -- Giordano Bruno Reffi, secretary of state for foreign affairs of San Marino, arrived here today for an official goodwill visit to China at the invitation of Wu Xueqian, state councillor and foreign minister. Accompanying Reffi on his visit is Antonio Carattoni, secretary of state for industry and handicrafts. Wu Xueqian was among the Chinese officials greeting the Sanmarinese visitors at the airport.



NICARAGUA PLEDGES NOT TO YIELD TO U.S. SANCTIONS

OWO41544 Beijing XINHUA in English 1516 GMT 4 May 85

[Text] Managua, May 3 (XINHUA) -- Nicaraguan Defense Minister Humberto Ortega Thursday described the U.S. embargo announced Wednesday as an "earthquake" but declared that Nicaragua would not yield to the economic blockade. Speaking at a ceremony for the departure of 100 Cuban military advisers, Ortega said that the United States was suffocating Nicaragua economically and the embargo decision was part of the U.S. strategy of interference.

The U.S. sanctions, said the defense minister, brother of President Daniel Ortega, were aimed not only to hit the underdeveloped Nicaraguan economy but also to create political conditions for more violence in the region. The decision to impose trade sanctions against Nicaragua and stop its air and sea links with the United States, which came "like an earthquake," is a "dangerous" step, he said at the ceremony with Condatora Group ambassadors present.

"What the Reagan government is up to is to suppress the revolution," he continued. Ortega revealed that the U.S. Government had sent a "hegemonist" note to Nicaragua asking the Sandinist authorities to break relations with Cuba and the Soviet Union.

He said that Nicaragua would choose friends for itself with no regard to pressure and threat from others. Nicaragua will remain a "friend and brother" to Cuba and the Soviet Union, said the defense minister. The withdrawal of 100 Cuban military advisers from Nicaragua would in no way constitute a "step backward" in the "model" relations between Nicaragua and Cuba, stressed Ortega.

He pointed out that the withdrawal request was a show of Nicaragua's sincerity for a solution to the Central American problem. However, he warned, if the United States continued its policy and if it was necessary, the 100 Cuban military advisers would come back. The 100 Cuban military advisers arrived in Havana Wednesday. Nicaraguan Government officials had said that there were about 800 Cuban military advisers in the country.

RENMIN RIBAO COMMENTARY SAYS U.S. 'HIGH-HANDED'

HK050722 Beijing RENMIN RIBAO in Chinese 5 May 85 p 6

[Short commentary: "High-Handed Policy Will Lead to the Opposite of What Is Desired"]

[Text] Following the Congress veto on aid for antigovernment forces in Nicaragua, the U.S. Government announced on 1 May a trade embargo against Nicaragua. This is another serious step by the U.S. Government to push a policy of intervention in Central America. Judging by the strong international reaction, this U.S. Government move is unpopular.

Tension in U.S.-Nicaraguan relations is a crucial point in the current situation in Central America. How should this problem be solved? It appears that U.S. Government policy is to blindly apply pressure in a bid to force Nicaragua to submit. The fact is, however, that a high-handed policy by no means achieves the desired result. In the first few months of this year alone, in order to gain congressional approval for aid for the antigovernment elements in Nicaragua, the White House first threatened to overthrow the Nicaraguan Government, and then applied a simultaneously soft and hard line and put forward a "peace proposal," setting a deadline for the two opposing sides in Nicaragua to hold talks and reach an agreement.

However, not only was all of this rejected by the Nicaraguan Government, but not even the U.S. Congress would approve it. Now the U.S. Government is again intending to apply pressure by a so-called "embargo." However, the experiences of history have long proven that embargos of this kind, applied in order to interfere in other countries, have never succeeded. A number of Western European and Latin American countries, and even some people in the United States, have specifically pointed out that this move will harm not only Nicaragua but also the interests of the Central American countries and even the United States itself.

The Central American problem, including U.S.-Nicaraguan relations, can only be solved in a fair and reasonable way through peaceful negotiations. The progress made by the peace efforts of the Contadora Group, with the cooperation of many Central American countries, fully shows that a peaceful solution of the dispute is feasible and practical as well as meets the desires of the peoples of Central America. The Nicaraguan Government has on many occasions called for a resumption of the talks with the United States, which were broken off, and it has now reiterated its call for dialogue. The United States should change its high-handed policy and adopt an attitude of reason.

XINHUA COMMENTARY 'CONDEMNS' U.S. EMBARGO

OW050951 Beijing XINHUA Domestic Service in Chinese 1145 GMT 4 May 85

[XINHUA commentary by reporter Yang Can: "Ought To Be Condemned -- On U.S. Embargo Against Nicaragua"]

[Text] The Reagan administration announced on 1 May that the United States will impose a total embargo on trade with Nicaragua and suspend all civil aviation services between the two countries. This was another attempt by the U.S. Government, following the Congress veto a week ago of its request for \$14 million in aid to Nicaragua's antigovernment armed forces, to apply pressure on the Nicaraguan Government and blatantly push its power politics.

Such U.S. actions are opposed in many Latin American countries and are censured by some of the U.S. allies in the West.

A White House spokesman declared the trade embargo with Nicaragua was for the purpose of "protecting the security and interests of the United States and its friends." It is very difficult to make sense of the argument that a small country of less than 3 million people like Nicaragua poses a threat to the "security" of the United States, a super-power. To put it bluntly, the root cause is that Washington does not find the current Nicaraguan regime to its liking. That is why it is attempting to make the Nicaraguan Government give in by imposing the embargo.

In recent years, the U.S. Government has consistently violated generally recognized criteria of international law, wantonly interfered in Nicaragua's internal affairs, and applied all kinds of pressure on the Nicaraguan Government. We do not need to look too far back. Just looking at the measures taken by the United States against Nicaragua since the beginning of this year will make this point clear.

In January, the United States unilaterally suspended the Manzanillo talks with the Nicaraguan Government, thus obstructing peace efforts made by Nicaragua and the Contradora Group. In February, President Reagan made a speech in which he openly declared that the "existing structure" of the Nicaraguan Government will be "removed."

In March, the United States began a series of joint large-scale military exercises with Honduras that were aimed against Nicaragua. In April, the Reagan administration sent to Congress its request for aid to the antigovernment armed forces in Nicaragua.

Now, it is unilaterally abrogating its treaty of friendship, trade, and navigation with Nicaragua; imposing a trade embargo; and severing civil aviation ties between the two countries. These actions are a continuation of the U.S. policy.

It is no accident that the Reagan administration has chosen to impose the embargo now. The embargo was announced after Nicaraguan President Ortega's visit to the Soviet Union. A White House spokesman did not attempt to conceal the truth when he said that the close ties between Nicaragua and the Soviet Union were the major factor that prompted the United States to impose the trade embargo. This shows that the Central American region is indeed under the shadow of a contest between the two superpowers. This is an important cause for the increasingly tense situation in the Central American region. However, it should be pointed out that while opposing the "close ties" between Nicaragua and the Soviet Union, the United States feels that it has the right to provide military aid to the antigovernment armed forces in Nicaragua and impose economic sanction against a sovereign state. This obviously does not hold water.

The U.S. embargo against Nicaragua has further complicated the situation in Central America and created new obstacles to the Contadora Group's efforts to seek peace in Central America. Due to U.S. obstruction, a "summary of minutes for peace and cooperation in Central America," proposed by the Contadora Group last year, calling on all Central American countries not to allow foreign military bases and foreign military advisers in their countries did not materialize. The U.S. embargo against Nicaragua has seriously endangered the Contadora Group's peace efforts.

As a matter of fact, the United States has imposed an economic embargo against Nicaragua in a disguised form for a long time. It has unlawfully frozen Nicaragua's \$132 million assets in the United States and has imposed various restrictions on Nicaraguan-U.S. trade over the last 4 years. In the past, the United States was Nicaragua's major trading partner. Since 1981 bilateral trade has dropped drastically. Now, Nicaragua's exports to the United States are only 7.9 percent of its total exports, and imports 15.6 percent. All of these have caused grave economic losses to Nicaragua. However, the United States has failed to achieve its aim to subjugate Nicaragua with military, political, and economic pressure. Whether Washington can realize its aim against this small country with the current embargo is doubtful.

#### CUBAN VICE FOREIGN MINISTER ARRIVES IN SHANGHAI

OW041704 Beijing XINHUA in English 1647 GMT 4 May 85

[Text] Shanghai, May 4 (XINHUA) -- Cuban Vice Foreign Minister Pelegrin Torras arrived in Shanghai this evening on a work visit to China as guest of his Chinese counterpart Qian Qichen.

Torras will also tour Guangzhou, Shenzhen, Nanjing and Beijing.



'MOST' RETURN TO SHANXI AFTER BEIJING SIT-IN

OW050545 Beijing XINHUA Domestic Service in Chinese 1442 GMT 4 May 85

[Text] Beijing, 4 May (XINHUA) -- Using the method of criticism and education, Beijing Municipality has satisfactorily resolved [wan man jie jue 1346 3341 6043 0414] a sit-in incident that manifested no consideration for the general interest.

[Beijing XINHUA Domestic Service in Chinese at 1743 GMT on 4 May transmits a correction making the previous sentence read "Using the method of criticism and education, Beijing Municipality has handled properly and with due care [tuo shan chu li 1185 0810 5710 3810] a sit-in incident that manifested no consideration for the general interest."]

A group of young former residents of Beijing came from Shanxi to stage a sit-in in front of the headquarters of the Beijing Municipal CPC Committee, demanding that they be transferred back to Beijing. After Beijing Municipality's leading comrades sternly criticized and painstakingly educated them, the young former residents have realized that the action they took was wrong. Now most of them have returned to Shanxi. The rest are also leaving the capital for Shanxi one by one.

This group of young former Beijing residents already had job placements officially made for them by Shanxi Province. Instigated by some individuals and confused and poisoned by rumors, they established ties among themselves and came to Beijing to make their appeal collectively. Flaunting slogans, they staged a sit-in in front of the Beijing Municipal CPC Committee headquarters day after day, refusing to be dissuaded. This disturbed social order, held up traffic, and interfered with the normal operation of the Beijing Municipality headquarters. On 29 April, Li Ximing, secretary of the Beijing Municipal CPC Committee; Chen Xitong, mayor, and other leading Beijing comrades received some 300 youths who were staging the sit-in that day. The leading comrades told them that it was completely wrong for them to resort to this kind of tactic from the "Great Cultural Revolution" years and that this was an individualistic action detrimental to the interests of the state and people. They asked them to immediately stop all such violations of law and discipline and urged them to act as young people who have ideals and observe discipline, seriously learn the lesson from the experience, take the general interest into consideration and quickly return to their respective work posts in Shanxi to continue to contribute their share in the four modernizations drive.

The vast majority of the comrades received by the leading comrades accepted the criticism and education. Some of them admitted right then and there that it was wrong to take part in the sit-in. Some of them said after the meeting: The leaders' criticism was correct. We were really wrong to do what we did. Besides, this would produce a bad influence. There were still others who left the capital for Shanxi the same evening. No one showed up again for a sit-in the next day in front of the Beijing Municipal CPC Committee headquarters.

After level-headed deep thinking, many of the youths who took part in the sit-in felt that it was very unjustifiable to do so. One youth living in Mentougou Ward said: At first, my intention was to achieve some result by making myself heard. After hearing the talks by the Beijing Municipality leaders, I realized that it is wrong to establish ties and make appeals. After my return, I will propagate the guidelines from the talks by Beijing Municipality's leaders among the former young residents of Beijing now in Shanxi and persuade them not to make any more similar trips here. A youth who works in Linfen, Shanxi, purchased a transportation ticket shortly after the meeting and returned to Shanxi on the afternoon of 1 May, International Labor Day.

Prior to his departure, he also took time out to procure a copy of the 30 April edition of BEIJING RIBAO which carried the news about the Beijing municipal leading comrades' meeting with those who took part in the sit-in. He wanted to take it with him and let other former young residents of Beijing in his unit read it. The day after he heard the Beijing municipal leading comrades' criticism, one of the people who initiated the incident went by himself to the Beijing Municipal CPC Committee's department handling visits and letters to admit his mistake. He told the department personnel: I made a mistake. I am responsible for this incident. I will never take part in these things again. He also said he will do some work among the people influenced by his mistake to urge them to return to where they came from. This youth returned to Shanxi right after 1 May, International Labor Day.

In the course of the incident, family members of some of the young former Beijing residents who are in Beijing have taken into account the general interests to join the government themselves in doing ideological work. Some parents have educated their children. Some brothers and sisters have admonished the young former residents to not believe in the nonsense that "big noise brings grand settlement, small noise small settlement, no noise no settlement" and not to waste time and spend their prime years for nothing. They admonished them to observe discipline and law, struggle hard, quickly return to Shanxi to keep their minds on work and study, and strive to make achievements in the four modernizations drive in their respective localities.

According to incomplete estimates of the 9 suburban wards of Beijing, more than 220 persons had returned to Shanxi by 3 May. The rest are also planning to return to Shanxi in the near future. Those youths who took home leave to come to the capital have said they will return to their work posts in Shanxi as soon as the leave is up.

#### JINGJI RIBAO ON '1 MAY', TRADE UNION ANNIVERSARY

HK031259 Beijing JINGJI RIBAO in Chinese 1 May 85 p 1

[Editorial: "Use Lofty Ideals To Encourage Us To Move Forward"]

[Text] Today is 1 May, International Labor Day, and also the 60th anniversary of the founding of the All-China Federation of Trade Unions. Under the leadership of the CPC over the past 60 years, the Chinese trade unions have rallied and led the working class all over the country to fight heroically, advancing wave upon wave, and have played an important role in every historical stage of the Chinese revolution and in socialist revolution and construction. The Chinese working class movement and the glorious 60-year history of the Chinese trade unions are worthy of our pride. Here we warmly hail the 60th anniversary of the founding of the All-China Federation of Trade Unions.

At present, China is in a new historical period of building socialist modernization in an all-round way. This era has set a new and more arduous task for the Chinese working class, namely, to realize the quadrupling of the gross annual industrial and agricultural output value by the year 2000, to raise the people's living standards to a comparatively well-to-do level, and on this basis, to catch up with the level of the world's economically developed countries in another 3 or 5 decades. The fulfillment of this task will enable us to take a big stride forward along the road of the magnificent ideal of communism. Therefore, it is necessary for us to bring forward the revolutionary spirit of being selfless, self-sacrificing, and working hard in struggles, and to bring forward the glorious tradition of carrying out arduous struggles and building up the country through thrift and hard work, in order to temper the contingent of China's working class into a staunch contingent with lofty ideals, morality, culture and discipline, who are worthy masters of the times.

It was the common character and characteristic of numerous revolutionary forerunners, heroes and exemplary models to have lofty ideals and to devote their lives for the realization of these ideals. At present, our ideal should give local expression to the resolute implementation of the line, principles and policies since the 3d Plenary Session of the 11th CPC Central Committee, and not for a moment should we deviate from this track.

In order to build socialism with Chinese characteristics, it is necessary for us to carry out reform, to smooth out economic relationships, and to do away with the practice of "eating from the same big pot" of the state on the part of enterprises, and "eating from the same big pot" of the enterprise on the part of workers and staff, which will inevitably involve the interests of the state, the collective, and the individual. Our working class must be selfless; they should stand high and see far; they should correctly handle the relationships between the state, the collective, and the individual; and they should submit to the unified command of the state, enforcing all orders and prohibitions. All our actions must start from being favorable to the magnificent cause of the four modernizations and the prosperity of the state and the people, and we must encourage ourselves to make continuous progress in the light of lofty ideals.

Arduous struggle and building up the country through thrift and hard work is a glorious tradition, which the Chinese working class is proud of. We must maintain and bring forward this tradition. The 3d Plenary Session of the 11th CPC Central Committee has endowed new meaning and significance to arduous struggle and building the country through thrift and hard work. We must have a clear understanding that the road of construction is still full of difficulties. China has a large population and a poor foundation, it is still poverty-stricken and backward; even by the end of the century, we will have arrived at a comparatively well-to-do level, and we should not expect to become rich all of a sudden.

The present reform of the economic structure and reform of the science and technology structure have set many new tasks for us, which require vitality in our enterprises and full play of initiative, wisdom and creativeness of our workers and staff. Apart from creating some external conditions, a more important criterion for judging whether an enterprise can be invigorated is whether or not our working class can master the most advanced science, culture, and technology. We must work hard in our study, be determined to make some accomplishments, and train ourselves to be specialized, qualified people in building socialist modernization.

The Chinese trade unions are mass organizations of the working class under the CPC leadership. In all historical stages, they have regarded organizing the workers and staff to strive for the realization of the party's central task as their basic task. The new era has set still higher requirements on our trade unions and working class movement, and the trade unions should make contributions to mobilizing and organizing the workers and staff to take part in reform and the four modernizations; they should organize the workers and staff to participate in national political, economic, cultural and social life, and organize them to participate in the democratic management of enterprises and undertaking units; they should organize them to conduct supervision on social life and to promote the continuous completion and perfection of the socialist democratic system. They should strengthen unity with the working class of various countries in the world, and exert their efforts to safeguard world peace and to strive for social progress. They should face modernization, the world, and the future and create a new situation in the trade unions' work and the working class movement in China.



LIAOWANG INTERVIEWS CHEN MUHUA ON CENTRAL BANK

HK030315 Beijing LIAOWANG in Chinese No 15, 22 Apr 85 pp 12-13

[Article by Zhu Minzhi and Tang Hua: "Strengthen Macroeconomic Control and Manage Financial Affairs Well and Flexibly -- On an Interview With Chen Muhua, President of the People's Bank of China"]

[Text] When China opens its door wider to the outside world and further carries out reform of the economic structure, the role of the People's Bank of China, which actually exercises functions of the central bank, is becoming more important day by day. After the news report that State Councillor Chen Muhua would take up the post of president of the People's Bank of China was made public, public opinion prevailed like this: "This will be a major readjustment of China's financial organs in the course of promoting reform of its economic structure," and "it indicates that the position of the People's Bank of China will be raised to that of the central bank in the current reform."

On a sunny weekend at the end of March, we came to the State Council office building at Zhongnanhai to visit Comrade Chen Muhua. She has already taken up her post of president of the People's Bank of China after she handed over her job at the Ministry of Foreign Economic Relations and Trade a few days before. We asked her to give her views on the state financial affairs.

"I am trying to find out about the whole situation. The new job is a heavy task for me. I have to study hard to fulfill the important task charged to me by the government," said Chen Muhua modestly when she started chatting with us.

We know that Comrade Chen Muhua has no direct experience of banking work, but financial work is not completely new to her. Following her study at the Chinese People's Anti-Japanese Military and Political College in Yanan in her early years, she worked at the Northeast Railway Bureau and the State Planning Commission. After she was transferred to the foreign economic front in 1961, she was deputy director of the Foreign Economic Bureau and Foreign Economic Relations Commission, vice minister and minister of economic relations with foreign countries, vice premier of the State Council, state councillor, and minister of foreign economic relations and trade. Over a long period or time while she was in charge of the government's foreign economic work, Chen Muhua tried her best to familiarize herself with matters relating to finance and foreign exchange. She also has an acquaintance with international banking circles.

Strengthen Control and Function of the Central Bank

"While we are making still greater efforts to enliven the economy, banking as an economic lever will become more and more important." To start with, Chen Muhua dealt with the function of the central bank and said: For a long time our banks worked just like a "cashier" of the government, extending credit to all the parties concerned in accordance with mandatory state plans. While guiding plans are now increasing in the economic field, we should rely on three things -- finance, pricing, and taxation -- to fulfill these plans. Banking as an economic lever is very important to enlivening the economy.

In recent years changes have taken place in the banking structure. Apart from the People's Bank of China, there are some specialized banks such as the Bank of China, the Agricultural Bank of China, the People's Construction Bank of China, and the Industrial and Commercial Bank of China, as well as other financial institutions such as the People's Insurance Company of China, and the China International Trust and Investment Corporation.

This is an important step in reform of the banking system. However, in dividing the functions between the central bank and these specialized banks, their relations have not yet been completely readjusted because of the limited time and our lack of experience and professional knowledge. After taking up her post, the new woman president of the People's Bank of China immediately lent an ear to experts' opinions on these questions and exchanged views with them. She pointed out: In 1984 too much credit was extended and too much currency was issued. This was mainly because the idea of "eating from a big pot" did mischief in people's minds, all tried to get as much as they could from the big pot of the People's Bank of China. This not only hampered macroeconomic control but also dampened the enthusiasm of all the parties concerned in collecting funds. This year, all these specialized banks will each attend to their own business. The central bank will keep a considerable amount of funds in its hands in order to control the specialized banks' extension of credit. This will help strengthen control in an overall way.

In his report on government work to the Third Session of the Sixth NPC, Premier Zhao Ziyang noted: It is necessary to strengthen the control and regulatory function of the People's Bank of China in macroeconomic development and to strictly control the total amount of credit and cash in circulation. The central bank should set the amount of currency to be issued by its divisions and other specialized banks in various provinces, autonomous regions, and municipalities, and these banks must follow the centralized plans and must not issue more currency than permitted, Chen Muhua said: All these have clearly defined the major tasks of the central bank in its work of strengthening control over macroeconomic development at the present time.

#### Efforts Must Be Made To Control Credit, Funds, and Cash in Circulation

Chen Muhua said: In the second half of last year, in particular in the fourth quarter, the credit and consumption funds were not strictly controlled and too much currency was issued. In addition to all this, the effects of such unhealthy tendencies as arbitrarily hiking commodity prices led to price hikes in some commodities. We are now making conscientious efforts to study and solve these questions.

"In the first quarter of this year, the withdrawal of currency from circulation was rather satisfactory. This was attributed to the efforts made by various departments."

Chen Muhua said: We are now considering several means by which the currency put into circulation last year can be withdrawn. Apart from developing production, we can first, discard the false base figures reported at the end of last year, second, raise the interest rates on savings accounts in order to absorb vast amounts of bank deposits, and third, consider the feasibility of allowing people to order some expensive and much sought-after commodities in advance in order to withdraw surplus currency from circulation and return it to the central bank.

How will the total volume of credit funds be controlled this year? On this, Chen Muhua said: This year the credit quota will be transmitted parallel to both the specialized banks in different places and the local authorities. The credit quota to each area should be portioned out in accordance with the state of affairs regarding production increases and commodity circulation and with the turnover ratio of capital. Allocation of funds should be promptly readjusted according to changes in specific local conditions so as to improve results of credit funds, invigorating the economy, develop production, and increase the channels of circulation.

I. 6 May 85

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### Properly Control and Use the State Foreign Exchange in an Overall Way

To properly control and use foreign exchange is another important task for the state central bank. After taking up her post at the People's Bank of China, Chen Muhua immediately paid attention to this question.

"This morning I invited some comrades in charge of the State Foreign Exchange Administration mainly to discuss the problem of 'broadening sources of income and reducing expenditure' in control of foreign exchange," said Chen Muhua. Referring to foreign exchange disbursements, she said: Generally speaking, our foreign exchange is used for foreign economic activities such as import trade, repaying capital with interest for foreign loans, remittance of profits gained by foreign companies which have establishments in China engaged in independent business operations or joint business operations; and there are also foreign exchange disbursements for nontrade purposes. By harmonizing relations between our ability to earn foreign exchange and the abovementioned aspects, we should make overall arrangements for imports and utilization of foreign funds, either government or nongovernment, and foreign investment in China. Only by so doing can we have a pretty clear idea of our foreign exchange receipts and disbursements.

Chen Muhua stressed: Strengthening foreign exchange control is aimed at furnishing favorable conditions for opening to the outside world and absorbing foreign funds. Provinces, cities, and autonomous regions now have the power to approve a certain number of imported projects. This is conducive to the implementation of the open-door policy and to enlivening the economy. At the same time, we also require that the local authorities control the total volume for foreign exchange they approve for use in importing projects within the limits of the state plan so that the state will be able to control foreign exchange in an all-around way. Only by so doing will our valuable foreign exchange be used in a flexible and proper way, and yield desirable results.

### Financial Management Should Be Like "Flowing Water"

Enlivening financial work is one of the objectives of reforming the present financial system. Asked whether she had taken this aspect of the matter into account, Comrade Chen Muhua replied: There have now appeared some new ways of collecting funds in various parts of our country and we can also learn some practices in this regard from other countries. In the course of enlivening the economy, our financial work has met with many new conditions and new problems, which require us to study, solve, and sum up. We should sum up and spread some good ways of collecting funds, but we should also help people to sum up experiences from some unsuccessful ways. We should organize specialists and scholars to study and discuss some theoretical problems in this regard in order to seek unity of understanding; by integrating the basic tenets of Marxism with actual conditions in China, they can advance theories with Chinese characteristics to guide our financial work.

When speaking on the insurance trade, Chen Muhua said, it is also a component part of financial work. We should develop such a trade in a planned way according to actual conditions in our country. We still have a lot to do in this aspect, but we should develop the trade actively and steadily.

Banks Must Technically Train Their Personnel and Foster the Idea of Serving Their Clients Well.

Chen Muhua pays adequate attention to the problem of enhancing the quality of cadres.



She said: "Our banks now have met with many new problems and new conditions and the two million personnel engaged in financial work face an arduous task of raising their professional level, acquiring much more new knowledge, and meeting the needs of new economic development. Our economy is becoming more enlivened and open, but we lack professional knowledge, experience and trained personnel. For this reason, we should conscientiously study what we do not know and train more people in a planned way. This is the only way out and we should in no account resort to devious means. Cadres at their posts must study hard and acquire professional knowledge as much as they can.

"I think," she continued, "we must really solve the problem of serving clients well in our work of banking. Banking is a service trade and the bureaucratic way of doing things cannot work. We should change our work style and cultivate the spirit of serving clients enthusiastically."

#### Willing To Establish Close Business Ties With Foreign Banks

Speaking about contacts between the People's Bank of China and foreign banks, Chen Muhua said: "We are willing to further develop business with foreign banks. The world economy as a whole is interrelated. With the further implementation of our policy of opening to the outside world and invigorating the domestic economy, our foreign economic activities will be continuously strengthened. We will continue to pursue close ties with many foreign central banks and specialized banks. In terms of our work of banking, we still have a lot to learn from our foreign counterparts and hope that they will give us more help in training our cadres. We will also invite foreign experts to give lectures in our country. Our present relations with many world financial organizations are rather satisfactory and we hope that such relations will be further developed. Hand in hand with them, we will make determined efforts to promote the world economy and maintain world peace."

#### RENMIN RIBAO ON CONTROLLING ISSUANCE OF CURRENCY

HK030943 Beijing RENMIN RIBAO in Chinese 26 Apr 85 p 5

[Article by Li Chengrui: "An Important Question in Macroeconomic Management -- Strict Control of Issuance of Currency by the State"]

[Text] Strict Control of Issuance of Currency by the State Is Very Important

The control of macroeconomy and the relaxation and invigoration of microeconomy supplement each other and are conditioned by each other. In the reform of the economic structure, these two aspects should both be grasped well. Macroscopic control over the national economy should achieve two basic requirements. They are: first, that overall social production and overall demand should correspond with each other in magnitude of value; and second, that production and demand of various departments should correspond to each other in magnitude of use value, namely, magnitude of materials. The former is the equilibrium of the overall magnitude, and the latter is the equilibrium between different departments and different products. The equilibrium of the overall magnitude of value is the primary question to be solved in macroscopic control.

In order to maintain the equilibrium between overall social production and general demand in magnitude of value, the most fundamental question is to develop social productive forces and to increase the volume of production and supply of commodities. But in a given period, under given conditions, the level of production development is always limited. Under such circumstances, if an equilibrium between the volumes of supply and demand is to be realized, the crux lies in controlling the magnitude of overall social demand.

The magnitude of overall social demand is based on consumption funds and accumulation funds formed by the distribution and redistribution of the national income. How can we make the improvement of people's living standards and the expansion in the scope of capital construction correspond to objective possibilities? Is there some kind of central sluice, to be controlled by the state, through which the state is enabled to observe and to control overall social demand? The answer is positive; and the sluice is the national bank. By means of the control and supervision of the national bank, along with corresponding powerful economic measures, the magnitude of currency in circulation, as well as overall social demand, will be under central control. Under the condition of a given rate of currency circulation, the magnitude of currency determines overall social purchasing power, namely, the scope of overall social demand.

The overall social demand we refer to includes the overall demand for the means of subsistence, as well as production means. And the magnitude of currency in circulation we refer to includes cash (banknotes), as well as disposable deposits in bank accounts. This is because this part of disposable deposits in the banks plays as good a role as cash as a means of circulation and payment. In commodity circulation, the circulation of the means of subsistence is generally transacted in cash, while the circulation of production means is generally settled through a transfer between bank accounts (namely, the bank transfers part of the deposit in the buyer's account to that of the seller). These two categories of currency must both be kept under control. If only the former is placed under control while the latter is not, it will result in a shortage of production means and price rises, which will in turn lead to a shortage of the means of subsistence and a rise in their prices, and a loss of equilibrium in the whole of supply and demand.

Socialist construction needs an environment of equilibrium between supply and demand and a magnitude of currency in circulation suited to the magnitude of commodities in circulation. An excessive issuance of currency cannot increase goods and materials for use, but will only bring about confusion in economic life. An excessive amount of currency in circulation will inevitably affect the harmony of various proportions in the national economy, the normal progress of economic accounting enterprises, the correct application of various economic levers, the improvement of commodity and service quality, and, because of inflation, the improvement of people's living standards. Meanwhile, it will provide a chance for profiteering, and help unhealthy tendencies of dishonest practices to grow. Of course, insufficient currency in circulation will also lead to shrinking production and blockages in circulation, which will injure the national economy. But reviewing historical experience over the past 3 decades and more, we find such a situation has rarely occurred, and was comparatively easy to handle if ever it occurred.

The reform of the economic structure which is under way in China includes reform of the price and wage systems; and we need an economic environment which has more ample room, namely, with the overall social purchasing power equal to or a bit lower than the overall level of supply. Only thus will it be possible to make economic life operate in good order and to prevent confusion with the relaxation and invigoration of the micro-economy, will the state be able to reserve considerable strength to deal with all possible problems emerging with the reform in the price system and to prevent spiraling and all-round price rise, and will it be possible to prevent a drop in real wages because of price rises in the reform of the wage system. All this demonstrates that control of the issuance of currency is of particularly great significance in the macroscopic control during the period of economic reform.

### Strengthen the Bank's Control Over Currency and Credit Loans

How can the power of issuing currency be concentrated in the hands of the state in a down-to-earth way? This question should be explained in two respects, the bank's management of currency and credit loans on the one hand, and the state's economic management on the other. Here, we will first discuss the question of strengthening the bank's management of currency and credit loans.

In my opinion, the magnitude of currency issuance should be listed in the national economic plan as a mandatory index. The power to fix and readjust this index belongs to the state (it can be exercised by the State Council, or listed in the national economic plan adopted by the People's Congress), and the People's Bank of China must strictly implement it without exceeding it. Of course, the index for the magnitude of currency issuance is affected by multiple factors, and the index fixed at the beginning of the year may not be appropriate all through the year. Therefore, necessary readjustment should be allowed in its implementation. However, the readjustment must be done under the state's control. In carrying out the plan, the People's Bank of China should not wait until the index is exceeded to make a report, it should report the situation when there are signs of the index being exceeded, just as the water conservancy departments, in flood prevention, promptly give an alert when the water is likely to pass the warning level. Every time the bank sounds the alarm, proposals on measures to be adopted in economy, finance, and credit loan management must be presented simultaneously for the reference of and adoption by the State Council and relevant responsible departments.

There should be two indexes for the magnitude of currency issuance: one for cash (banknotes) in circulation, and the other for bank loans (both refer to the increase in the sum at the end of the year as compared with the same time the previous year). According to the formula "loans minus cash equals deposits," to have control over the total amount of loans and that of cash means to have control over the total amount of deposits. In addition, it is best to fix another two mandatory indexes: one for the total amount of wages, and the other for the total investment in fixed assets. With these two indexes, the major part of the consumption funds and accumulation funds will be kept under control, and the changing trends in these two funds will be easily detected and analyzed. Should control be lost in either of these two aspects, measures in that connection will be adopted to safeguard the realization of the general index of currency issuance.

Normal currency issuance is realized by means of credit loan activities. Therefore, the plan for currency issuance must be based on the plan for credit loans. The People's Bank should rationally distribute its credit loan funds among all professional banks based on the index of currency issuance (inclusive of cash and loans), and draw up a comprehensive plan for credit loans based on the separate plans drawn up by various professional banks with regard to credit loans. The People's Bank should supervise the implementation of its comprehensive plan in earnest. Here, the principle of a balance between revenue and expenditure in credit loans must be adhered to. To achieve this, it is particularly important to guard against an excessive expenditure on wages and on providing loans for capital construction, and to guard against loaning large amounts when there are not sufficient funds. Too many loans will result in subsequent deposits, and bring about inflation in both credit and currency. In view of the fact that the range of rises and falls in currency in circulation in a fiscal year is great (generally, in the first 6 months of the year, it is purely withdrawal of currency from circulation, while in the last 6 months, it is purely putting money into circulation), it is also important to draw up and strictly implement quarterly and monthly plans, and to prevent an insufficient withdrawal of currency from circulation in the first 6 months.



Without such plans, the bank will be compelled, when the season comes for the purchase of agricultural produce, to put a great quantity of money into circulation, bringing about an exceeding of the original annual index.

In order to ensure the implementation of the plan for credit loans, a crucial question is to genuinely draw a demarcation line in the funds between the People's Bank and all professional banks, and the phenomenon of "eating from the same big pot" of the People's Bank on the part of various professional banks should no longer exist. If professional banks should want to expand their loans, they can do it by means of absorbing more deposits and collecting more loans, but they should not go on relying on the currency issued by the People's Bank outside the plan for their funds resources. To achieve this, an economic responsibility system with regard to "substantial deposits and substantial loans" has been implemented between the People's Bank and various professional banks, while each of the latter has each set up its own internal "liaison" system. These systems are an improvement compared with the past, and they should be perfected and completed in the future by continuously summing up experiences. The People's Bank of China can also control and readjust the range of loans and currency put into circulation by various professional banks by adopting such economic measures as readjusting interest rates and the proportions of reserves to be deposited with the People's Bank by various professional banks.

The implementation of the plan for currency issuance will eventually involve the grass-roots banks under all professional banks. Here, a crucial question is to change the method of funds being supplied in any manner, and to break with the phenomenon of "eating from the same big pot" of the bank's funds by enterprises. In unfolding their professional activities, all grass-roots banks should ensure key projects and appropriately take into consideration the needs in all respects, in order of importance and urgency, within the range of the limit on loans as stipulated. Organs at all levels of professional banks should bring into full play their enthusiasm and initiative, work hard to solve the difficulties in making deposits or withdrawals and strive to absorb more savings deposits and to actively support commercial and service departments in expanding their sales and services. This will help collect loans, support production and the withdrawal of currency from circulation, and enliven the economy as well.

In order to enliven the economy, it is necessary to gradually open commercial credit, and to initiate operations of cashing commercial bills of exchange and discounting on promissory notes, and fund-collecting and trust operations. However, they must be conducted under the unified leadership and management of the People's Bank and relevant professional banks, step by step and under control, and they should be improved in practice.

All grass-roots banks should strengthen supervision of credit loans. It is necessary for them to strengthen supervision of enterprises in the orientation of their spending of their retained profits after taxes based on the stipulations of the state. It is not allowed for production funds to be spent as welfare funds and bonus funds while asking for more loans from the banks when there are production needs. Neither is it allowed to include bonuses in production costs and to evade taxes to be handed over to the state. It is imperative to strengthen supervision in the expenditure on wages. Expenditures under some pretexts or directly from the income derived from sales is not allowed. Neither is it allowed to go in for fraud by covering up actual losses with false profits, or to expand consumption funds on the strength of bank loans. It is imperative to strengthen supervision over investment in fixed assets.

With regard to those projects which do not possess necessary conditions or lack scientific demonstration, loans should by no means be given. Whether it be a loan for circulation funds or for investment in fixed assets, it must be collected fully when the term expires according to law. In addition, it is necessary to strengthen the management and supervision of foreign currencies.

With regard to the above-mentioned aspects, explicit systems, decrees, and regulations are needed, including regulations on banking, credit loans, cash management, transferring and setting accounts, control of foreign currencies, and the "money market." Until the new decrees and laws are established, the existing systems and decrees should continue to be implemented. With this series of decrees and laws, it will be possible for banking activities to be conducted within certain norms, while the old problem, of excessive currency issuance being grasped for a time and control being relaxed against after some time when the excessiveness seems to be overcome, as in the past, will be avoided.

#### Do A Good Job in the Comprehensive Balance of the National Economic Plan

It is very important to strengthen the bank's management of currency and credit loans. However, it is necessary to simultaneously strengthen the economic management of the state in order to ensure effective control of the magnitude of currency issuance. In the final analysis, currency circulation is determined by economic activities.

In order to strengthen socialist economic management, it is imperative to do a good job in the comprehensive balance of the national economic plan. To achieve this, it is primarily necessary to acquire generally appropriate levels of, and proportion between, accumulated and consumption. We should never go in for excessive distribution; only thus can we refrain from putting excessive currency into circulation. At the same time it is necessary to make generally appropriate the volumes of, and the proportion between, the means of subsistence and the means of production, and the development of all sectors within these two major categories. Only then will it be possible to have enough strength to withdraw currency in circulation. However, it will not be easy to meet these two requirements. Our national economy had not been harmonious over a long period of time in the past because of the influences of "leftist" ideas, which found expression in one-sidedly pursuing a high rate of development, resulting in an excessively high rate of accumulation, and priority for heavy industry, which has been overcome only since the 3d Plenary Session of the 11th CPC Central Committee. Through readjustment in the past few years, the proportions tend to be harmonious, the economy has developed vigorously, and the situation has been fine. However, under the new situation, there has appeared an excessive growth in consumption funds and a level of investment in fixed assets on the high side. These problems should be solved in earnest.

In the comprehensive balance of the national economic plan, the balance between finance, credit loans, goods and materials, and foreign currency revenue and expenditure occupies a very important position. Although financial and bank funds are only part of all social funds, they are the part under the unified management and use of the state, and play a decisive role in forming the general social purchasing power. Apart from adherence to the balance in credit loans, and resolutely refraining from going in for the inflation of credit as mentioned above, we should achieve equilibrium between financial revenue and expenditure, increase revenue and practise economy in expenditure in a big way, resolutely avoid financial deficits, and not allow the banks to issue currency in cases of financial difficulty.

If financial revenue and expenditure should fail to achieve a complete balance, the difference should be covered by means of state credit through financial departments, for instance, the issuance of national treasury bonds, and it is not advisable to allow bank overdrafts. Of course, the state credit is also limited, and if the limit is exceeded, it will lead to the bad effect of overburdening in the payment of principal and interest in the future. On the basis of achieving a balance between financial revenue and expenditure and between revenue and expenditure in credit loans, it is also necessary to do a good job in the comprehensive balance between financial funds and credit loan funds. Under the highly concentrated economic structure in the past, financial departments were required to support credit loans with money. As to the actual volume of money for the support, some limit had been found through long-term practice. Under the new situation, if the bank is asked for financial aid, an appropriate limit for the volume of support should also be found. If the volume exceeds objective conditions, an inflation of credit will be brought about and a hidden financial deficit will come into being, and this is even worse than an open financial deficit. Whether finance, credit loan funds, and goods and materials are in equilibrium finally gives expression to whether the magnitude of currency issuance is appropriate.

In order to make the economic plan, through comprehensive balance, a reality and to maintain the general harmony of various proportions, it is necessary for all localities, all departments, all enterprises and undertaking units, and the cadres and masses throughout the country to exert their joint efforts. It is necessary to strengthen propaganda and education in order to enhance the sense of discipline. Some cadres do not quite understand the relationship between economic activities and currency issuance. They often hold that they are engaged in production or in circulation, and that they are the ones who use banknotes; as to currency issuance, it is the concern of the central authorities and the banks, which is not their business. It is necessary to make people understand the truth that if, apart from the needs of policies, the system, and the plan, a greater increase is allowed in the wages and bonuses of the workers and staff, in the investment in capital construction and technical transformation, in raising the purchase price of agricultural produce, the magnitude of currency in circulation, and will objectively interfere with the national plan for currency issuance and the balance between overall social supply and demand. It is necessary to make the cadres understand that the national income and the goods and materials it represents in a given period of time are always limited. We can by no means go in for construction by issuing more banknotes (or increasing the value of the bank on paper), nor can we improve the people's living standards by issuing more banknotes. On this question, we have had many bitter lessons, which we should not repeat.

#### Solving Several Problems of Ideological Understanding and Practical Problems

In order to realize the above-mentioned measures for currency management and economic management and ensure the central control of the state over currency issuance, it is necessary to solve several problems of ideological understanding and practical problems.

"In so doing, will the relaxation and invigoration of microeconomy be affected? Will it be repeating excessive and overrigid control?" We should see that macroscopic control and microscopic relaxation are the two aspects of a dialectic unification. Only by strengthening macroscopic control and maintaining the equilibrium in the general volume of demand, an appropriate currency issuance, and stable prices will it be possible to boldly relax and invigorate microeconomy.



The more microeconomy is relaxed control and readjustment in order that, when relaxation is implemented in various enterprises, they will be able to carry out their economic activities in good order, and may avoid confusion and losses. We must have a clear understanding that the various measures mentioned above have nothing in common with the practice of excessive and overrigid control in the past. There was excessive and overrigid control in the past chiefly because the leading organs exercised direct control over the activities of microeconomy, and failed to regard enterprises as relatively independent producers and managers of socialist commodity production assuming sole responsibility for their profits or losses. In fact, they failed to make a distinction between the two layers, macroscopic and microscopic. Our present measures are based on the acknowledgement of the above-mentioned principle, in carrying out readjustment and control mainly through economic levers, which include credit loans, interest rates, and tax revenue, in addition to necessary administrative and legal means. In credit loans activities, the enterprises, as relatively independent substantial economic bodies, may choose, with flexibility based on their own needs, to negotiate with the banks on an equal footing, and to handle affairs according to the contracts signed.

"In so doing, will the growth rate of the economy be affected?" Generally speaking, the appropriate acceleration of development is a good thing, and the banks should render their active support to it within the scope of the stipulated index and system. However, the banks should deal with each case on its merits, act according to their capability, and proceed in an orderly way and step by step. In reference to goods in short supply, the acceleration of their development is a good thing. However, regarding goods in excessive supply, the same practice will be bad. Only when the rate of development, balance, and economic results are combined will it be possible for our economy to grow continuously and steadily in a down-to-earth manner. At present, there exists an erroneous concept: Financial departments can say they have no money, but not the banks. And it seems that the banks have infinite resources of money, and more currency can be issued at will. More explaining should be done among these comrades. From now on, party and government organs of localities should place the focus of their guidance to local banks on how to spend their limited funds well and in a lively way in improving economic results, and on how to absorb more deposits and collect more of the loans made, and they should not interfere with the professional activities which should be determined by the banks themselves. Article 3 and Article 20 of the "Regulations on Loan Contracts," recently published by the State Council, explicitly stipulate: "No unit or individual whatever should force the banks or credit cooperatives to sign contracts on raising loans and to deliver loans." With regard to those who have violated the stipulation, "the administrative and economic responsibilities of the directly responsible person concerned will be investigated and affixed. And the responsibility for a crime will be affixed in regarding serious cases." We should strictly observe this stipulation.

"What should the banks do if some enterprises fail to pay back the loans which are due, but ask for new loans instead?" We should point out that the banks are engaged in credit lending, and the basic principle for credit lending is to return what has been borrowed, and to return the entire sum according to the fixed date. Otherwise, it is not credit lending. As to the results of collecting due loans, the enterprises should be responsible for themselves, while the banks have no responsibility for them. Article 7 of the "Regulations on Loan Contracts" explicitly stipulates: "In applying for a loan, the party contracting the loan must have funds of its own equal to a certain proportion of the loan as stipulated by the People's Bank of China, and must be in possession of certain quantity of marketable or usable goods and materials or property as a guarantee.

"If the party contracting the loan should fail to pay back the loan, the party making the loan has the right to demand to handle the part of the goods and materials or property of the party contracting the loan forming the guarantee, according to legal procedure." This is a very important new regulation in the reform of the economic structure, a powerful weapon to break the practice of "eating from the same big pot" of state funds on the part of enterprises, and a necessary condition for the enterprises to have pressure and vitality at the same time. In implementing this regulation, the banks should be bold and assured, while party and government leadership should support the banks. The leading members of enterprises should all the more consciously convert pressure into their motivating force in looking for internal causes and tapping potential, and learn to survive and develop in competition and to master the skill to swim to the other shore in the storm of "survival of the fittest."

XIANG NAN ARTICLE ON ROLE OF CHINA'S 'WINDOWS'

OW031019 Fuzhou FUJIAN RABAO in Chinese 19 Apr 85 p 1

[Article by Xiang Nan: "The Role of Windows"]

[Text] Since the practice of an unwavering policy to open to the outside world, China's economic structure has started to break from its traditional rigid and closed pattern. Our special economic zones and open cities have become windows of technology, knowledge, management, and foreign policy.

To boldly attract foreign capital and import advanced technologies and management experiences; sift and digest them, and make new creations out of them; then reintroduce them to the inland areas in order to bring about speedy development of commodity production and bountiful material wealth -- this will give a tremendous impetus to our economic construction and technological progress. A window opens to both sides. One can look either way.

When we are looking out of a window at some advanced technologies and knowledge in the outside world, there may be people who are also looking in to see what characteristics can be found in China's special zones, and what differences that are between them and foreign special zones.

Our special zones are established under conditions in which the socialist economy of public ownership is in an absolutely superior position. They are different from other special economic zones in the world. China's ultimate goal is not only to catch up with the developed countries economically, but also uphold socialism, to let the broad masses of the people share the fruits of prosperity. People under different social systems do not have completely identical concepts of value and ethics. We should strive to introduce to our special zones a prosperous economy, a just society, people having ideals and observing discipline, stable prices, clean environment and fine social practice. There should be highly developed spiritual, in addition to material, civilization in our special zones.

We should select a number of cadres, strong in party spirit, with a high educational level, well versed in administrative skills and full of pioneering spirit, to shoulder the task of opening the special zones, and avoid, as much as possible, the various negative factors which have appeared in foreign special zones. We must never take the risk of losing our bearings for the sake of seeking technical progress. As Comrade Deng Xiaoping has pointed out, we must be bold and steady in opening to the outside world. It is not permissible to take advantage of one's functions and powers to seek personal gain, or act against policy to seek ill-gotten wealth, much less the practice of embezzlement, taking bribes, smuggling or allowing absurd, reactionary, and obscene material to poison our people and youth.

If we let such ugly and evil phenomena run rampant, there would be no difference between our special zones and foreign ones. There would be no reason for us to build these special zones.

In short, we should import what is good through this window. It is completely wrong to be blindly opposed to everything foreign, and become narrowmindedly arrogant. It is also necessary for people to see, through the window, that the economy in our special zones is prosperous and full of vigor and vitality, as it advances along the road to reform, and for them to see our outstanding national heritage, our age-old cultural traditions, and our socialist spiritual civilization. It is also wrong to take the attitude of national nihilism in this respect.

#### ARTICLE ON WASTEFUL ENTERTAINING OF FOREIGNERS

HK030733 Beijing GUANGMING RIBAO in Chinese 27 Apr 85 p 1

[Article by Zhou Ti: "Holding Rich State Banquets Sets Back Thrift and Frugality"]

[Excerpts] In our country, banquets given for foreign guests are always sumptuous. Even if there is only one foreign guest, we will have eight or nine people to dine with him and thus fill a round table.

At first, when I attended this kind of banquet, I often thought: "What is the need for such waste?" "Is this not a practice of squandering public money?" However, "habit makes things natural." Therefore, after I attended these banquets many times, I got used to it and no longer grumbled.

Last September, when I stayed at Michigan State University, I was given a dinner by my wife's tutor, a well-known anatomy professor whose biography has been included in the book "Who's Who." This well-known professor is very rich. He lives in a brown wooden three-story house by a small river in the suburbs of the town. The house, though situated in Michigan, a sparsely populated state where property is relatively cheap, is worth at least \$140,000. In his living room which is at least 50 square meters, were displayed handicrafts from various countries in Europe, Asia, Africa, and South America, and in their cupboard there were full sets of silver tableware.

However, to my surprise, his wife served his "foreign guests" only one meat and two vegetable dishes and some pastry.

Did this well-known professor willfully cold-shoulder his guest by giving such a simple meal? Obviously not. He knew that we had no car and personally drove 10 miles to take us to his house and then take us back. I should say that this was a courteous reception. The professor's parents came from far away to visit their son and grandchildren and had been staying in their son's house for about 12 days. The day after the dinner, they would leave for home. The dinner that the professor gave us was also meant to be a family farewell dinner. Would he not cold-shoulder his parents if he cold-shouldered us in the dinner?

At the dinner table, we talked about the Chinese way of treating guests with a meal which usually consisted of more than 10 dishes and in which much of the food in each dish was left... We all thought that there was no need to do so. I said that my hosts' way of treating guests was better. The food was simple and there was less formality. This was a more practical way of giving a dinner: There was both meat and vegetables, enough food, and no waste.



Our country is reforming its economy, scientific research system, and education. I think that there is also an urgent need for a reform in the "system" of spending public money to give lavish banquets to guests and having nine people to entertain one guest at a banquet. When the director of the Athletic Department at UCLA talked about her impressions after visiting China, she said that she got a very good impression of China and that Chinese people were very hospitable. However, what embarrassed her was that there was too much food at the banquets given in her honor. What worried her most was how to eat up all the food that her friendly hosts put on her plate....

If we carry out a reform in the "system" of entertaining foreign guests, generally only allow four dishes and one soup to be served for a dinner and strictly control the number of the people who attend the dinner to entertain the guests, allowing only two or three people directly concerned to attend, in other words, if we substitute simple and practical meals for luxurious banquets, we will greatly reduce the expenditures for our state treasury. At the same time, we will gain the understanding and respect of most of our international friends. Obviously, simple dinners can gain the respect of foreign guests better than luxurious banquets.

#### BEIJING RELATES ANECDOTES ON TOP ARMY LEADERS

OW040432 Beijing Domestic Service in Mandarin 2335 GMT 1 May 85

[Excerpts] Dear listeners, in this program we will relate several things which happened with some leading comrades of the Central Military Commission.

It was a snowy winter. During that winter a cold wave hit the capital from time to time. In the early winter it was unusually chilly during the Beijing nights. Chill winds blew into the bodyguards' dormitory through the windows and woke them up. At that time, what were those bodyguards who were closely associated with Xu Xiangqian, vice chairman of the Military Commission, thinking about? They were thinking: Commander in Chief Xu will certainly come to see us in such cold weather. True. On the morning of the following day, Commander in Chief Xu strolled over to the guards. He touched the uniform worn by a fighter and asked whether it was heavy enough. He asked another fighter whether or not he felt cold. Commander in Chief Xu found that some fighters, though heavily dressed, still felt a bit chilly. He felt concerned and asked a fighter: Xiao Lin, have you not slept well in the past few days? Xiao Lin seemed to want to say something, but he did not. He only smiled and answered: Sir, we have slept very well. From his tone and look, Commander in Chief Xu understood what it was all about. He hurriedly walked to the wall and personally touched the radiator. He quietly said: Well, the radiator is not warm. It has affected our young men's rest. Commander in Chief Xu, who has spent all his lifetime in the Army, understood fighters' minds best. He walked up to Xiao Lin and affably said: I know your temperament, but there are demands that should be made. Am I right, young man? Xiao Lin nodded, shyly. On the afternoon of the same day, two workers came to the squadroom and readjusted the heating radiator. Soon the house was very warm.

One Sunday morning, the rain stopped, and the sun started to shine. The bodyguards were reading books in their dormitory. Yang Shangkun saw them and said smilingly: You are all book fans. Good! It is good for young men to acquire more knowledge. The bodyguards answered: Yes, we are all willing to read more books, but there are not many available. They often cannot satisfy our needs. On hearing this, Yang Shangkun discovered this problem. He immediately comforted them, saying: Your needs will certainly be satisfied.

After breakfast, the bodyguards were about to leave their dormitory when Yang Shangkun's secretary hastily came and said to all the bodyguards: The chief wants to prepare a reading room for you. The bodyguards were jubilant. A house was immediately evacuated. Bookshelves and desks were installed. Everyone was busy that day. Yang Shangkun gave away over 2,000 copies from his book collection to the bodyguards and made it a rule to send over 20 newspapers and magazines to which he subscribed to the reading room after he finished reading them. He also presented pens and notebooks to each bodyguard.

Early on a Sunday morning during the 12th month of the last lunar year, Wang Yixin, a fighter, woke up very early. That day was his 20th birthday. But he thought it would not be possible to enjoy his birthday in such a lively way as he did at home. However, the squad leader already knew what was on Xiao [little] Wang's mind. After breakfast, the squad leader told all other fighters to buy some light refreshments and fruit to celebrate Xiao Wang's birthday. He also told them to go about it quietly. Though it was a joyous occasion, the fighters decided to surprise Xiao Wang. At noon, the squad leader was about to announce the celebrations for Xiao Wang's birthday when suddenly a bodyguard of Zhang Aiping, deputy secretary general of the Military Commission, hurriedly came up and said: The chief wants to have a word with you. The fighters, who did not know what it was all about, followed the bodyguard to the living room. They were dumbfounded. On the dining table were a large golden cake, apples, tangerines, and bananas. Zhang Aiping's entire family was waiting for them. The fighters wondered: How could the information have leaked? They never did know that Zhang Aiping kept a list in his mind on how many family members a given fighter had and on the fighter's birthday. He knew all this like the back of his hand.

All listeners, the above anecdotes are based on the manuscripts supplied by the editorial department of the magazine JIEFANGJUN SHENGHUO [LIFE OF THE LIBERATION ARMY].

#### HU YAOBANG ENCOURAGES RECLAMATION FARM WORKERS

OW040849 Beijing XINHUA Domestic Service in Chinese 1134 GMT 3 May 85

[Newsletter by XINHUA reporter Xu Xinhua: "Hold High the Torch To Forge Ahead Courageously -- An Interview With Yu Weizhong, Veteran Reclamation Team Member and Party Committee Secretary of the Gongqing Reclamation Farm in Jiangxi" -- XINHUA headline]

[Excerpts] Beijing, 3 May (XINHUA) -- A torch is what brings light to people and illuminates the road of advance for them.

Lofty communist ideals, the pioneering spirit of hard struggle, and consciously and resolutely adhering to the party's policies and discipline constitute the torch that illuminates the road of advance for China's 1 billion people in the great cause of building socialism.

Members of the Young Volunteers' Reclamation Teams of the 1950's and delegates attending the national meeting to command shock workers in the new Long March held by the CYL Central Committee told this reporter that it is precisely owing to such a torch that they have been able to forge ahead and perform meritorious services to make the country prosperous and powerful and the people rich. At the place the delegates are staying, I met Yu Weizhong, a veteran who volunteered to leave Shanghai and join a reclamation team in Jiangxi in 1955 and is now party committee secretary of the Jiangxi Gongqing Reclamation Farm.

On this subject, he calmly but proudly told me: "I can say that I have been through all kinds of trials and hardships in the past 30 years. What is it that has kept me propped up to make steady strides and get to where I am now, prevailing over all difficulties? To sum it up in one sentence, I think I can say that it is faith in struggling for communism. It is my spiritual support."

On 15 October, 1955, the first patch of 98 young volunteers from Shanghai, including Yu Weizhong, left the bustling city for Jiuxian Ling in Dean County on the bank of Boyang He.

Hu Yaobang, then first secretary of the CYL Central Committee, paid them a visit there 40 days after their arrival in Jiangxi. He joined them for a meal of cereal. Using cotton on bamboo sticks, he also inscribed three large meaningful characters, "Gong Qing She" [CYL Cooperative] for them. Yu Weizhong asked Comrade Hu Yaobang to inscribe a few words in his diary, which was a present given him by his neighborhood committee in Shanghai on his departure. Comrade Hu Yaobang immediately inscribed the words: "Struggle for communism."

Yu Weizhong said the inscription written by Comrade Hu Yaobang has always been an inspiration for him to uphold truth and persist in the struggle.

Yu Weizhong said: Comrade Hu Yaobang paid another visit to those of us at the Gongqing Reclamation Farm on 12 December last year. When Yu Weizhong asked him again to inscribe a few words in the same diary bearing the inscription he wrote years ago, Comrade Hu Yaobang happily wrote the words: "Where there's a will, there's a way."

Yu Weizhong said, one should have a will, a "will" to courageously forge ahead and perform exploits to make the country prosperous and powerful and the people rich, instead of being preoccupied with personal gains and losses.

According to Yu Weizhong, Comrade Hu Yaobang said when meeting them on the afternoon of 1 May, Labor Day, that the torch of hard struggle lighted by the Young Volunteers' Reclamation Teams of the 1950's must not be put out. Yu Weizhong was greatly moved after hearing this. He said: "This is an expression of hope pinned on the young people of the 1980's as well as an inspiration to us. Now our country's economy has witnessed a tremendously fast development and the people are much better off. However, the people of the whole country will still struggle hard and build up the country with industry and frugality in order to make China a first rate socialist power. We must hold high this torch and pass it on from generation to generation."

#### FEMALE ALL-CHINA YOUTH FEDERATION HEAD ELECTED

OW271843 Beijing XINHUA in English 1656 GMT 27 Apr 85

[Text] Beijing April 27 (XINHUA) -- Liu Yandong, 39, was elected president of the All-China Youth Federation here today at the end of the three-day third session of the Standing Committee of the federation's sixth committee.

Liu was the first woman leader of this organization of young people of all nationalities across China. Upon her graduation from Qinhua University in 1970 she worked in factories for ten years, and proceeded to work on the Chinese Communist Youth League Central Committee before becoming vice-president of the federation in 1983.



In her speech to the session today, Liu said she would help unite all the members of the federation to work for the prosperity of the country and the success of the current reform.

She would try her best to strengthen the ties with the young people in Hong Kong, Macao and Taiwan for the cause of the reunification of the motherland. She also sponsor more varied international exchanges for the friendship and understanding of the young people the world over and for the sake of world peace. She pledged herself to serve China's 290 million young people, helping them solve difficulties in their life, work and study, and providing them better conditions for the development of young intellectual resources. She would study more about the world, economy and history and coordinate with her colleagues better still in her future work.

The former president Hu Jintao was elected first secretary of the Communist Youth League Central Committee last year, and now no longer works in the federation.

The three-day meeting decided to convene the second plenary meeting of the federation's sixth committee early next year, and to elect additional new members and new leaders of the federation. The second plenum will also discuss the federation's role in the current reform and in the country's Seventh "Five-Year Plan" (1986--1990).

#### NEWSPAPER ON TECHNOLOGY TRANSFER PUBLISHED

OW012146 Hangzhou ZHEJIANG RIBAO in Chinese 22 Mar 85 p 3

[Dispatch by Lin Shouyi]

[Text] JUNGONG JISHU ZHUAN MINYONG XINSI BAO [INFORMATION NEWS ON TRANSFERRING MILITARY INDUSTRIAL TECHNOLOGY TO CIVIL CIRCLES], a newspaper sponsored by the National Defense Technology Information Committee to provide a regular source of information on transferring military industrial technology to civilian circles, began publication on 15 March. This is the country's first newspaper for spreading information concerning the transfer of military industrial technology to civilian circles. The major aims of the newspaper are to report on the central authorities' principles and policies regarding "the integration of the Army and the people" and the transfer of military industrial technology to civilian circles, relevant experiences, transfer of technological achievements of military departments, information on technical service, products for sale, technological needs of civilian circles, and demand for technology and specialized personnel and relevant market and economic information. The address of the newspaper is: P.O. Box 122, Beijing.

BEIJING RADIO ON TAIWAN INDEPENDENCE MOVEMENT

OW032146 Beijing in Mandarin to Taiwan 0130 GMT 3 May 85

[Excerpts] Dear listeners and friends: Taiwan is a sacred territory of China. The people of Taiwan and the mainland are compatriots of the same flesh and blood. The Government of the People's Republic of China is the sole legitimate government of China. This is recognized throughout the world. China is a divided country as long as Taiwan remains separated from the mainland.

On many occasions, Dr Sun Yat-sen stressed that China has consistently been an integral whole which must never be divided. The integral whole referred to by Dr Sun Yat-sen naturally embraces Taiwan and the people on Taiwan. Without the motherland, there will be no Taiwan. Taiwan can never depart from this integral whole. However, there are still a handful of people in Taiwan who are engaging in the Taiwan independence movement. This runs counter to the will and interests of the Taiwan people and counter to the reunification of the motherland and the interests of national unity. Is it possible that Taiwan is independent? And must the independence of Taiwan be opposed? I deem that no explanations to the above questions are needed.

In fact, only a handful of people in Taiwan are engaging in the independence movement. They resort to high-sounding slogans for independence in order to mislead the Taiwan compatriots who are dissatisfied with the current situation. This calls for our vigilance.

Taiwan is a part of Chinese territory and not an independent country. It is now ruled by the KMT authorities. Taiwan is not a colony ruled by an alien race. Dissatisfied with the current situation, the Taiwan compatriots strive for democracy, strive to become masters of the island, and strive to gain power for the people. This is understandable. However, I deem that such a situation can only be terminated by early reunification.

Dear listeners and friends, some American politicians have consistently engaged in pushing for two Chinas by feigning concern for the future of the Taiwan people. They openly support the Taiwan independence movement. They only pay lip service to showing concern for the future of Taiwan. In reality, they only care for their own interests. They intend to keep Taiwan as an unsinkable aircraft carrier for the United States, and to achieve the evil aim of perpetually splitting China. These acts of theirs humiliate the Taiwan people. Whether they are a boon or a bane to the Taiwan authorities merits consideration. Mr Chiang Ching-kuo and his party must not fail to see that as long as the peaceful reunification of the motherland remains unreachable, the foreigners will not stop interfering in China's internal affairs. Do not facts tell us so?

Dear listeners and friends, we all know that the CPC and the motherland government, having in mind the interests of the nation, have consistently and firmly opposed two Chinas, the independence of Taiwan, and the division of China, and striven for the peaceful reunification of the motherland. In the joint communiques issued at the resumption of diplomatic relations with the United States, Japan, and other nations, China has stipulated without exception that there is one China and that Taiwan is a part of China. This shows the motherland government's principled stand of firmly opposing two Chinas, one China and one Taiwan, or the independence of Taiwan.

Dear listeners and friends, over the past three decades and more, the CPC and the motherland government have consistently made efforts to fulfill the cause of reunification of the motherland. They have taken actions to oppose activities leading to two Chinas, one China and one Taiwan, or Taiwan independence. Such actions have frustrated the schemes of some foreigners who are trying to split China.

I. 6 May 85

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CHINA  
PRC MEDIA ON TAIWAN AFFAIRS

Dear listeners and friends, the reunification of China is the common aspiration of all the people on both sides of the Taiwan Strait. It is an inevitable trend in the history of the Chinese nation and an irresistible historical trend which no one can hold back. The separation of Taiwan from the motherland cannot and must not be allowed to continue. So-called Taiwan independence is also impossible and is not permitted by the entire Chinese people. Then what is the outlet for Taiwan? We say that the only outlet for Taiwan lies in an early termination of separation from the motherland and achievement of the great cause of reunification with the motherland. The People's Republic of China is the home of 1 billion Chinese compatriots, including the Taiwan compatriots. The motherland of the Taiwan compatriots is the majestic Chinese nation, or China.

Dear listeners and friends, you all know that the motherland government has successfully resolved the Hong Kong question by adopting the concept of one country, two systems. This will propel Taiwan's return to the motherland and achieve the reunification of China. Both the KMT and the CPC, and the people on both sides of the Taiwan Strait firmly oppose the independence of Taiwan and the two Chinas concept. I deem this forms the political basis for the third KMT-CPC cooperation. The one country, two systems concept propounds that neither side conquer the other. This is in accord with reality in Taiwan and the mainland, and gives full expression to the common aspirations and fundamental interests of all Chinese people.

#### DENG YINGCHAO, OTHERS MEET GAOSHAN COMPATRIOTS

OWO60245 Beijing XINHUA Domestic Service in Chinese 1257 GMT 4 May 85

[Text] Beijing, 4 May (XINHUA) -- Party and state leaders Deng Yingchao, Xi Zhongxun, Yang Shangkun, Hao Jiangxiu, and Xu Deheng met all members of a study and tour group of Taiwan Gaoshan nationality compatriots of the older generation at the Great Hall of the People this morning and had a group picture taken to mark the occasion.

While in the lobby, Deng Yingchao happily extended a warm welcome to the Gaoshan nationality compatriots. When four Gaoshan nationality compatriots, Hiromi Saito, Murami Kuno, Akemi Sato, and Miya Kurata, who are now residing in Japan, were introduced to Deng Yingchao, she said: You are all so beautiful. Welcome all you four beauties. I am so happy to meet you. Deng Yingchao also hoped that Gaoshan nationality compatriots in Taiwan would visit mainland China.

Taiwan's Gaoshan nationality people form one of China's 55 national minority groups. Today, there are over 1,000 Gaoshan nationality people, including those of the younger generation, living in mainland China in scattered groups. This is the first time since the founding of the People's Republic that over 200 Taiwan Gaoshan nationality people of the older generation had formed a study group to visit Beijing. Since their arrival in Beijing on 29 April, the group attended a garden party marking "1 May" and toured Beijing's scenic spots. They will join Taiwan compatriots of Beijing in a get-together and will visit the Chengde summer resort, China's largest imperial park.

Yang Jingren, Hu Ziang, and Lin Liyun were at the meeting.



WANG ZHEN'S RELATIONS WITH DENG XIAOPING ASSESSED

HK030822 Hong Kong PAI HSING in Chinese No 95, 1 May 85 p 41

[Article by Lu Keng: "On the Relationship Between Wang Zhen and Deng Xiaoping"]

[Text] Protecting Reform-Through-Labor Intellectuals

Recently, Wang Zhen, member of the CPC Central Committee Political Bureau, visited the United States on an undisclosed mission. He left the United States for Beijing via Hong Kong on 14 April.

Wang Zhen is from Liuyang County, Hunan Province, as is Hu Yaobang. Born in a peasant family in 1908, he became a railroad worker at the age of 17, joined the Communist Party in 1927 and also participated in the "1 August" Nanchang rebellion. In Jiangxi Province, he was an army group political commissar. During the war of resistance against Japan, he directed the 359th Brigade to reclaim wasteland in Nanniwan, in the northern part of Shaanxi Province, and was quite well-known. After the establishment of the communist regime, Wang Zhen took charge of the Production and Construction Corps in Xinjiang. Outwardly, he was stationed there to develop production in the border areas; in fact, he was entrusted with the important task of preventing the Soviet Union from infiltrating into Xinjiang and waiting for an opportunity to invade the interior. Keeping a low profile, Wang Zhen did a lot of work to consolidate the border defenses of Xinjiang. Moreover, because he was modest and courteous and he respected knowledge and talented people and understood the importance of intellectuals to the construction of a country, he always had very good connections with intellectuals. After the antirightist struggle unleashed by Mao Zedong, under the protection of Wang Zhen, rightists exiled to Xinjiang to reform through labor were all well treated, receiving neither spiritual insults nor physical abuse. Some of them could still study or even write poems. The experience of Ai Qing [5337 7230], a poet, was one example.

During the Cultural Revolution, the "gang of four" ran wild; Wang Zhen, depending on his good impressions on Mao Zedong, still dared to show a bit of sympathy for some ousted veteran cadres or even to persuade Mao directly. At that time, even sympathy for capitalist roaders could be a very serious offense. In the article "In Those Days in Jiangxi Province" written by Mao Mao, Deng Xiaoping's youngest daughter, it is especially mentioned that, after Deng Xiaoping was dethroned for the third time, he was exiled to do physical labor in Jiangxi Province under supervision. When his case was not yet concluded, Mao Mao went to Beijing. As soon as Wang Zhen saw her, he asked "How is your father?" showing great concern. He also let Mao Mao stay in his home, and this took considerable courage and insight at that time.

When this reporter visited Beijing in 1982 at the invitation of Liao Chengzhi, he learned from people who knew the inside information on the CPC that Wang Zhen was one of the main promoters who helped Deng Xiaoping reappear for the third time, despite the objections of the "whatever faction" like Hua Guofeng, Wang Dongxin, and so on. At that time, Ye Jianying decided to support Deng Xiaoping's reinstatement, but there had to be trustworthy persons for communication between Ye Jianying and Deng Xiaoping. Wang Zhen and another general played the role of pulling strings and making contacts. In all, Ye Jianying spoke in favor of Deng Xiaoping's reinstatement on five occasions at Political Bureau meetings, and became the main force supporting Deng Xiaoping's reinstatement. Eventually, Hua Guofeng was forced to make a concession.

**Does Wang Zhen Support Deng Xiaoping, or Not?**

Therefore, it is obviously untrue when some "experts" who study CPC questions arbitrarily assert that Ye Jianying and Deng Xiaoping are adversaries, or even that Ye Jianying always opposes Deng Xiaoping. It is even more out of tune when it is said that Wang Zhen himself also opposes Deng Xiaoping. Just take Deng Xiaoping's inspection of Shenzhen during the 1984 Spring Festival as an example. Deng Xiaoping invited Wang Zhen to accompany him on the visit. In addition to inspecting this special economic zone adjacent to Hong Kong, they also went to Hainan Island, Guangzhou, Nanjing, Shanghai, and so on together. Obviously, the trip was for the purpose of resisting the conservatives' dissatisfaction with the open-door policy and of using the successful example of Shenzhen to reaffirm the correctness of the open-door policy. Hence, it had special significance. In his capacity as a famous veteran general accompanying Deng Xiaoping and posing in Shenzhen fully showed that Wang Zhen supports the open-door policy. It can be asserted that this move received a better response from the PLA simply because people just could not believe that someone like Wang Zhen, who was born in a worker and peasant family and fought in the north and south on many fronts for the cause of communism throughout his life, would follow the capitalist road.

This point can be proved by Wang Zhen's sympathy for intellectuals in the struggle against rightists. So it is not a bit strange that he himself sides with a reform faction like Deng Xiaoping's.

However, overseas observers on China issues have always wrongly placed Wang Zhen against Deng Xiaoping. Quite recently, (H.C. Chang) [zhang xu cheng 1728 2485 2052], a Taiwan political scholar and professor at the University of Pennsylvania published an article in NEWSWEEK, saying that several senior members of the CPC Central Committee Political Bureau like Chen Yun, Peng Zhen, and Wang Zhen, all criticized, obstructed, and suppressed in the past the open-door policy and other reform measures of Deng Xiaoping. It might be closer to the facts if one says that Chen Yun and Peng Zhen are dissatisfied with Deng Xiaoping's way of doing things. But one is more or less taking things for granted if one says that Wang Zhen is also dissatisfied with Deng Xiaoping. Judging from Wang Zhen's performance, in recent years he has not only sided with Deng Xiaoping from sentiment but also from reason.

If people are not forgetful, they should remember that the biggest supporter of Deng Pufang's establishing the China Welfare Fund for the Handicapped was Wang Zhen. Of course, this does not mean that Wang Zhen has a special love for Deng Xiaoping and his family, but rather that he has a common language with Deng Xiaoping on dealing with China's future. Of course, we should not forget that in ideology Wang Zhen, like Deng Xiaoping, is also deeply stamped with the brand of communism, and he still retains blind faith in Mao Zedong.

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